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NEWS SUMMARY

GENERAL

Little hope for EEC Afghan initiative

EEC leaders yesterday launched a new initiative to secure Soviet withdrawal from Afghanistan but acknowledged there was "less than a 50-50 chance" of Moscow agreeing.

Lord Carrington, the new president of the EEC Council of Ministers, will explain the plan to Soviet Foreign Minister Andrei Gromyko on Monday. Back Page.

Brezhnev warns

Soviet President Leonid Brezhnev warned of the threat of a new Cold War and blamed the U.S. for delays in resuming talks on medium-range missiles. Page 3

Director for trial

Michael Bogdanov, director of the play The Romans in Britain, was sent for trial charged with procuring an act of gross indecency between two actors.

Mao criticised

Chinese Communist Party severely criticised the late Chairman Mao, accusing him of arrogance and confused thinking in his later life. Page 4

Nazi guards jailed

Duesseldorf judge imposed prison terms ranging from three years to life on eight former nazi SS guards at the end of a five and a-half year war crimes trial. Page 2

Sikorski decision

Home Secretary William Whitelaw said he had turned down a request for the remains of war hero General Sikorski to be returned to Poland.

Anti-cuts protest

But crews and teachers went on strike and 10,000 marched through Edinburgh in support of Lothian Regional Council's refusal to make spending cuts.

Scarman call

Lord Scarman said police operations during the Brixton riots appeared "haphazard" and called for an urgent review of reinforcement procedures.

Brixton breakout

Stan Thompson who escaped from Brixton prison last year with alleged IRA man Gerard Tuite was given a 12 months suspended sentence for the breakout.

Spain prosecution

Spain has decided to prosecute all 288 members of the Civil Guard involved in the storming of Parliament in February's attempted coup.

Iran mourns

Hundreds of thousands of mourners accompanied the bodies of the 71 clergymen and politicians killed in Sunday's bomb blast to a Tehran cemetery. Page 4

Student banned

South African Government served a five year banning order on white student leader Andrew Boraine as he was released from a month's detention. Page 4

Damages award

Former top wrestler Masambula was awarded £20,710 damages and the costs of his High Court action over an injury in the ring which ended his career.

Top seeds win

Wimbledon champion Bjorn Borg, John McEnroe and Jimmy Connors, the top three seeds, reached the semi-finals with unseeded Rod Frawley.

Briefly . . .

Swiss car drivers and front seat passengers must wear seat belts from today.

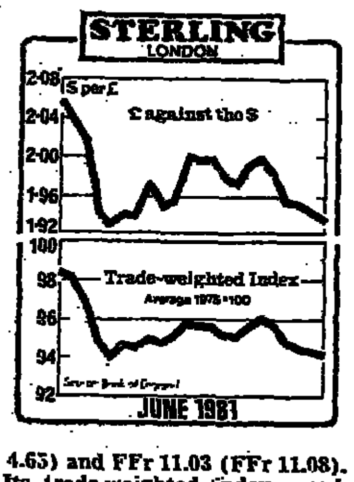
Radio 3 chose the Adantino from the Symphony in D by Samuel Wesley as its new signature tune.

BUSINESS

Sterling off 1.15c; dollar firm

● DOLLAR improved to DM 2.3955 (DM 2.3925), FFr 5.7155 (FFr 5.7050), SwFr 2.0460 (SwFr 2.0335) and Y226.85 (Y225.85). Its trade-weighted index rose to 109.0 (108.8). Page 34

● STERLING fell to $1.9305, losing 1.15 cents on the day. It was down to DM 4.6275 (DM 4.65) and FFr 11.03 (FFr 11.08). Its trade-weighted index eased to 94.1 (94.2). Page 34



● GOLD fell $2¼ to close at $427. Page 34

● EQUITIES were little changed in subdued trading. The FT 30-share index gained 0.9 to 544.8. Page 36

● GILTS were unsettled by the late fall in sterling. The Government Securities index was 0.12 off at 66.04. Page 36

● WALL STREET was down 1.85 to 979.74 near the close. Page 34

● BANK OF ITALY issued new guidelines tightly restricting the kind of companies in which Italian banks may take equity stakes. Page 31

● WORLD BANK is to return to the U.S. domestic bond market for the first time since 1977 with the launch of two issues totalling $500m (£259m). Back Page

● INCO, the Canadian nickel producer, is raising £25m in a 25-year unsecured loan stock with a 15½ per cent coupon, the first company in nearly a decade to float a substantial long-term fixed rate sterling bond issue. Back Page

● LIBYA cut its oil price by $1 a barrel to $40 for top quality crudes.

● NORTH SEA OIL prices are likely to remain stable at $35 a barrel, at least until September, BNOC's chairman said. Page 7

● GULF OIL producers plan to launch a joint investment fund with a capital of between $3bn and $6bn, the Kuwaiti Minister of Finance said. Six producers intend to participate. Back Page

● LONDON ELECTRICITY Board trading practices are to be investigated by the Office of Fair Trading. Back Page

● BL board is about to approve a £200m investment programme at the group's twin plants at Cowley, Oxford. Back Page

● RUBERY OWEN is to close its motor components factory at Darlaston, West Midlands, with the loss of 950 jobs. Page 8

● SGB GROUP, the industrial holding company, reported taxable surplus down from £7.66m to £4.97m for the six months to end March. Page 26; Lex, Back Page

● RICHARDS and Wallington Industries, the loss-making crane hire group, requested the appointment of a receiver and manager. Page 26; Lex, Back Page

● COURTS (Furnishers), which runs a chain of retail stores, reported pre-tax profits down from £5.36m to £3.76m in the year to end March. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Aeronautcl. & Gen.	418	+ 18
Arbuthnot Latham	350	+ 10
Assoc. Biscuit	76	+ 4
Avana	300	+ 7
BICC	260	+ 6
Bowater	270	+ 6
Eagle Star	318	+ 17
Electronic Rentals	119	+ 5
Flight Refuelling	375	+ 12
Hazlewood Foods	250	+ 18
Hunting Assoc.	350	+ 10
Inchcape	425	+ 18
Lloyds Bank	405	+ 13
Mercantile House	820	+ 10
Metal Box	176	+ 6
Muirhead	107	+ 5
NatWest Bank	393	+ 10
Stock Conversion	360	+ 5
Amer. Oil Systems	100	+ 12
Cambridge Petrlm.	360	+ 80
IC Gas	183	+ 8
Anglo Amer. Gold	£39¼	+ 1
St Helena	£15	+ ⅞
FALLS		
Akroyd & Smithers	148	− 7
Brent Walker	53	− 3
Empire Stores	96	− 6
First Castle Secs.	120	− 5
Grattan Warehouses	84	− 8
Hadland	160	− 10
Kleen-E-Ze	69	− 5
Quick (H. & J.)	59	− 5
Swire Props.	144	− 8
LASMO	537	− 13
Jo'burg Cons.	£32	− 1

Miners row looms as Heseltine rejects Belvoir development

BY CHRISTIAN TYLER, LABOUR EDITOR

MR MICHAEL HESELTINE, Environment Secretary, has recommended that the development of the Vale of Belvoir coalfield in Leicestershire should not be authorised. In doing so he has overturned the so far unpublished verdict of his own department's inspector after a six-month public inquiry.

If Mr Heseltine's recommendation is accepted, the Government could be heading for a new trial of strength with the miners only five months after losing a battle over pit closures and state support for the coal industry.

Leaders of the National Union of Mineworkers have got wind of Mr Heseltine's decision and are drawing up an emergency resolution for the NUM conference that meets next week. They believe that the decision is a political rather than environmental one, designed to reassure the Conservative right wing that the Government has not yielded entirely to the power of the NUM.

The union is not yet sure whether a final decision has been taken by the Cabinet. But a confidential draft document for the Cabinet's economic sub-committee makes it clear that

ministers are being urged to block or delay indefinitely the National Coal Board's application.

The Vale of Belvoir, whose development has been strongly opposed on environmental grounds, is seen by both the NCB and the union as integral to the long-term investment programme of the industry and second only in importance to the Selby coalfield in Yorkshire now being opened up.

Mr Heseltine's preliminary conclusion is that the application should be refused for several years. He has told the Cabinet sub-committee that despite Belvoir's place in national energy policy, permission would trigger off mineworkings in "a steady succession of rural areas, some of which may be regarded as even more environmentally sensitive than the Vale of Belvoir."

The Minister also doubts that there will be a market for the coal if Belvoir is developed now. He says that a delay of several years would give the Board time to overcome the problems of disposing of the waste from a "tranquil and pleasant" farming area. Meanwhile other developments less damaging to the environment could be brought forward.

His decision is bound to cast a shadow over the NUM conference and excite accusations that the Government has reneged on its commitment in February after the miners' strike and again earlier this month to prosecute the "plan for coal" investment programme.

Miners' officials believe that the Government may be holding the Vale of Belvoir decision as a bargaining card when the union submits its wage claim for November 1. A 23 per cent

Continued on Back Page
Cabinet battle on Vale of Belvoir, Page 7

Vauxhall Motors suffers record loss of £83.3m

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL MOTORS, General Motors' UK subsidiary, suffered a record net loss of £83.3m last year.

In addition the parent company had to pump in a further £107m of working capital to keep Vauxhall afloat.

In 1979, Vauxhall had a £31.3m net loss — a record. The company has made a net profit only once in the past 10 years — £2m in 1978.

Vauxhall's net sales in 1980 fell from £819.5m to £766.8m. The operating loss was £57.1m against £16.1m in 1979. But the company said it had set a target of breaking even by next year.

Mr Ferdinand Beickler, the chairman, held out no hope of profits this year. The best that could be hoped for, he said, was a small but significant increase in vehicle sales from the last quarter of 1981 onwards.

The 1980 results take account of the continuing major restructuring of Vauxhall. The

VAUXHALL RESULTS (£m)	1980	1979
Total net sales...	766.8	819.5
Operating loss ...	57.1	16.1
Net loss	83.3	31.3
Value of exports from UK	234.5	209.4
Vehicle sales (units)	195,145	230,420

workforce has been cut by 6,000 from 29,129 at the beginning of 1980, involving the company in heavy voluntary redundancy payments.

The main problem last year was the recession in car and commercial vehicle markets at home and abroad. Sales of Vauxhall cars and Bedford commercial vehicles fell from 230,420 in 1979 to 195,145 last year.

Nonetheless Vauxhall's share of the UK car market improved from 6.5 per cent to 7.2 per cent. Bedford suffered a drop in market share from 17.5 per cent to 15.1 per cent, partly because it was short of vehicles at the beginning of last year before the slump in demand. The shortage was caused by the steel industry strike.

The high value of sterling hit Bedford's export sales. Nonetheless, in value terms, Vauxhall managed to push up its exports, nearly all commercial vehicles, from £209.4m to £234.5m.

High UK interest rates had an adverse impact, as did the extra financial support Vauxhall had to give dealers in the UK and elsewhere to protect market shares in the extremely competitive conditions last year. Those conditions have continued so far in 1981.

The company is in the process

Continued on Back Page
BL supplier to axe jobs, Page 8
BL investment, Back Page
Lex, Back Page

Way clear for new issue of index-linked gilt stock

By Peter Riddell, Economics Correspondent

THE WAY has been cleared for a further issue of index-linked gilt-edged stock in the next few weeks.

This follows what is officially regarded as the success of the first £1bn issue in late March. The inflation-proofed stock is restricted to UK pension funds.

A final decision has yet to be taken by the Treasury and the Bank of England on the timing of the new issue.

Some officials are pressing for an early issue before the holidays so that payments in instalments can be spread over the late summer, to sustain the financing of the Government's borrowing needs. It is hoped that this will not be an excessive call on the cash flow of pension funds.

It is likely that the maturity date of the new issue will be longer than the first stock—20 or 25 years against 15 years. This is to increase the attractions for pension funds with their longer-term liabilities.

The authorities consider the first issue to have been a success in view of the considerable demand from eligible institutions.

The price performance of the stock in the last three months is also regarded as reasonably satisfactory. While the price has moved below the subscription level of £100, the movements have been within a narrow range compared with existing fixed interest issues, especially during the sharp price falls of early June. This appears to reflect an awareness of the stock's attractions in light of the more pessimistic view now being taken of inflation prospects.

The real (inflation-adjusted) yield has never risen above 2.7 per cent and is currently 2.34 per cent against the 2 per cent return at the time of issue.

There has been considerable debate within the City about the correct return and the forthcoming issue will again be sold by auction, which enables the market to determine the appropriate yield.

£ in New York	June 29	Previous
Spot	$1.9470-9480	$1.9560-9600
1 month	1.10-1.17 pm	1.27-1.25 pm
3 months	2.66-2.76 pm	2.80-2.90 pm
12 months	6.55-5.75 pm	5.95-6.15 pm

Gen. Dynamics seeks links with Airbus Industrie

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENERAL DYNAMICS, the U.S. maker of military aircraft, may take a financial and work-sharing interest in the planned European Airbus Industrie A-320 short-range airliner project.

Officials of the two organisations have been holding "exploratory" discussions following a meeting at the recent Paris Air Show. Airbus Industrie in Paris said that, so far, no agreement had been reached. General Dynamics in St. Louis said: "We do not know what the next step will be, if any."

The A-320 is the third of Airbus Industrie's airliner programmes, after the 250-seat A-300 and the 200-seat A-310. The project proposes a smaller, short-range jet, to be built in two versions, one seating 130 to 150 passengers, and the other between 150 and 170. Total world market for jets of this size is estimated at up to 2,400 to the year 2000.

Airbus Industrie is also holding discussions with its existing partners — British Aerospace, Deutsche Airbus and CASA of Spain—on their prospective contributions to the A-320 programme, which could cost close to £1bn to develop.

Other discussions have been held with companies in Japan and Australia, in an effort to create a consortium under the Airbus banner to develop the jet.

Airbus Industrie has always made it clear that it would be prepared to seek additional partners on the A-320, if this would ensure that project's success.

The A-320 has been backed by Air France, with an order for 25 aircraft and an option on another 25, and further discussions are in progress with airlines worldwide.

Following the decision of McDonnell Douglas of the U.S. to link with Fokker of Holland on the rival 150-160 seat MDF-100 project, and Boeing's plan to develop a "7 Dash 7", also in the same class, several U.S. aircraft manufacturers have been showing interest in participating in all these ventures.

So far, General Dynamics, primarily a military manufacturer and builder of the F-16 fighter, is the only company other than McDonnell Douglas publicly to express interest in joining the foreign aircraft ventures.

It is believed, however, that Boeing is also interested in linking with Japan and Italy on its "7 Dash 7", as it has done already on its 767 airliner programme, while McDonnell Douglas and Fokker have also been holding talks with the Japanese.

A U.S. partner for the Airbus A-320 would help to sell the aircraft in the lucrative U.S. market. Of the world market for short-range jets of the A-320 type, at least 50 per cent could come from the U.S.

First deliveries of the A-320 are set for end-1985 or early 1986. Three aero-engine makers are competing for the engines for the A-320—Pratt and Whitney, General Electric, both in the U.S. and Rolls-Royce/Japan Aero-Engines (a consortium building the new RJ-500 engine).

U.S. navy wins Hornet battle, Page 6

$276m award in U.S. phone monopolies case

BY PAUL BETTS IN NEW YORK

A U.S. federal court yesterday awarded damages of $276.6m (£143m) to Litton Industries, the defence and electronics conglomerate, in settlement of its lengthy anti-trust suit against American Telephone and Telegraph.

Litton had accused AT and T of using monopolistic tactics to force Litton's telephone equipment subsidiary to drop out of the U.S. market.

Although Litton had sought damages of $570m, the award is a major setback for AT and T. The telephone giant has been defeated in two similar private anti-trust actions brought by its U.S. competitors in the last 18 months and faces 40 more.

The Litton award, against which AT and T is appealing, could also have a significant impact on the U.S. Justice Department's six-year-old anti-trust suit against the telephone company.

The Litton award could prompt the Justice Department to pursue its anti-trust case against AT and T rather than negotiate a settlement.

Although the Federal Court jury awarded Litton basic damages of $92.2m damages are automatically trebled under U.S. anti-trust laws so that AT and T may be compelled to pay $276m if the award is not reversed on appeal.

Court blow to AT and T, Page 30

Dr FitzGerald in by a whisker

BY STEWART DALBY IN DUBLIN

DR GARRET FITZGERALD, leader of the Fine Gael/Labour Party coalition, was yesterday elected Ireland's new Prime Minister in the 166-seat Dail following the closely-run General Election on June 11.

In a tight vote, Dr FitzGerald, who is 55, defeated the incumbent Mr Charles Haughey by 81 votes to 78. Of the independent MPs, one voted for Dr FitzGerald, another had earlier been elected Speaker of the House and four abstained. Two other independents, prisoners in the H-blocks of the Maze Prison outside Belfast in Northern Ireland, were unable to take their seats.

It is doubtful how long the new Irish Government can survive given this slender parliamentary majority of three. One of the H-block prisoners elected as a deputy, Mr Kieran Doherty, is at present on hunger-strike and could die towards the end of next week.

The Dail is likely to be in recess from early next month until October. In the event of Mr Doherty's death, the ensuing by-election would not be called before the autumn. The likelihood is, however, that the seat would be won by Mr Haughey's Fianna Fail party, altering the parliamentary arithmetic in a way which could lead to a General Election within a year.

Demonstrators against the H-blocks yesterday gathered in the streets outside the Dail. They had black placards and megaphones but were kept well away from the Dail grounds by barriers and police.

It was widely believed that Dr FitzGerald would seek an urgent meeting with Mrs Thatcher. At his first brief Press conference yesterday, however, Dr FitzGerald declined to confirm that he is seeking to discuss the H-block issue with Mrs. Thatcher. He said "This is too delicate to discuss publicly at this stage."

Dr FitzGerald did add, however, that the H-block issue was his most immediate pressing concern. He said he had not had time to study in detail yesterday's statement by Mr Humphrey Atkins, Secretary of State for Northern Ireland, about the H-block, but he found some aspects of it "encouraging."

The new Irish Premier, whose stated position on Northern Ireland is that he favours a confederal solution, said during the campaign that if he became Prime Minister he would continue the meetings begun by Mr Haughey with the British Prime Minister. He would also take part in joint studies on areas of mutual interest now being conducted by civil servants from both countries.

In the election campaign, Dr FitzGerald concentrated primarily on the economy. He has promised to cut the basic rate of income tax from 35 per cent to 25 per cent and has also pledged to reduce the Dublin Government's huge public sector borrowing requirement "substantially" over four years.

Atkins rejects Haughey plea, Page 14

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Moscow must decide on the future of its high technology, **David Satter** reports

Tough problem for Soviet computers

Western computers are in use throughout the Soviet Union and although evidence is scarce, it is likely they are even used in the country's defence systems. But the U.S. embargo on high technology exports means spare parts are in short supply.

EIGHTEEN months after the U.S. imposed a ban on high technology exports to the Soviet Union, officials in Moscow are locked in tense discussions on whether the time has come to abandon western computers and change over to "domestic technology."

The last few months have witnessed the first problems with western computers and the former confidence that the technology embargo would soon be lifted has given way to anxiety.

The embargo covers not just U.S. computers but also U.S. components, which are found in almost all western computers, and thereby deprives the Soviet Union of Western computers from any legal source.

The dilemma for the Soviet authorities is that athough existing computers have held up remarkably well, they must begin to run down gradually for lack of spare parts. As this is to happen over the next three to four years, many Soviet officials feel it would be best to abandon the western computers now.

The Soviet domestic computer industry is growing rapidly. It is believed to have been based from the start on the appropriation and duplication of western machines.

The Soviet computer which is in widest use, the ES or "unified system", is a copy of an IBM 360 computer which, according to U.S. defence officials, was illegally diverted to the Soviet Union in the late 1960's and mass produced in the mid-1970's.

The ES computers are designed to run on IBM software, which, according to Soviet sources, is either purchased abroad and then copied or acquired in pieces through industrial espionage, collated and duplicated at the Institute of Numerical Computer Technology in Moscow. Soviet programmers train to work on ES computers with IBM textbooks and manuals.

The ES series computers have roughly the same capacity in terms of memory, size and calculations per second as the IBM 360, which was introduced in the west in the mid-1960's. But they trail far behind western computers in the quality of additional material, particularly discs, lack integrated circuitry, are poorly engineered and break down constantly.

Reports from Soviet computer centres assert that Soviet ES computers are out of operation about a third of the time. Not only are the computers unreliable but they also lack flexibility, because of the inadequate software.

One Soviet source estimated that five or six programers working with a small Western scientific computer like the PDP-11 could do as much work as 200 programmers working on an ES-1030.

There are an estimated 1,700 Western-built computers in use in the Soviet Union, or about 4 per cent of a total computer inventory of 42,000 (as against 130,000 general purpose and ½m mini-computers in the U.S.). Of these no more than 10 to 15 are believed to be large computer systems, such as the Burroughs system in the Ministry of Oil Exploration or the IBM system at the Kamaz truck factory.

Although there are few Western computers they are reserved for vital work in Soviet Ministries because of their comparative efficiency.

Among the organisations known to rely heavily on Western computers are Gosplan, the state planning agency where Wang computers are reportedly cannibalised for spare parts, Gossnab, the central goods distribution agency, the Oil Ministries, where Western computers process the seismic data, and every major scientific institute in the Moscow area. puters. Western mini-computers

Western mini-computers have been painstakingly adapted in the Soviet Union to perform many of the operations which in the West are carried out on large systems. They are even used with data-banks which greatly increase their ability to store information.

The Soviet Union is said to perform as many as 50 per cent of its computations in the most critical ministries and institutes on a handful of western computers. Western mini-computers are said to be 30 times more efficient than a large Soviet computer and are a fraction of the cost.

If the U.S. high technology embargo remains in force, decisions to change over to Soviet computers may have to be made in the next six months. Despite official reassurances the loss of western computers is expected to cause a severe disruption in the Soviet information flow, leading to disorganisation in the already archiac distribution network.

Soviet orders for western computers have never come from defence oriented enterprises, but in the Soviet Union almost every civilian organisation performs some military function. In addition to their role in the Soviet civilian economy, there are persistent reports, although little proof, that western computers are being used for defence-related work.

PDP-11 computers are said to be used for mapping rocket trajectories in a Moscow institute and a western computer system was reportedly installed in a plant at Izhevsk which is thought to produce vehicles for the Soviet armed forces. Trucks produced at Kamaz, which has an IBM system, were used in the invasion of Afghanistan.

If the U.S. decides to follow the lifting of the grain embargo by lifting the high technology embargo Washington may consider not only whether the Soviet Union should have access to western computers to strengthen its economy but also, whether if computers are to be sold, western governments should not interest themselves more in how they are used.

Iran claims tribunal starts work

By Charles Batchelor in Amsterdam

THE TRIBUNAL set up to consider claims arising from the occupation of the U.S. embassy in Tehran will start work today in The Hague. The dismissal of President Bani-Sadr and the deaths of many leading politicians in last Sunday's Tehran bomb blast are not believed to have changed Iranian attitudes towards the tribunal.

The three Iranian, three U.S. and three neutral members are expected to spend the next four days deciding purely administrative matters before adjourning until September, officials said.

The claims involved are expected to cover unpaid deliveries, broken contracts and expropriated property. The Algiers agreement, however, excludes claims by former hostages and U.S. government claims connected with the embassy compound in Tehran.

The U.S. Supreme Court has still to rule on whether the then President Jimmy Carter was within his powers in directing that all claims should be dealt with by the tribunal and not by courts in the U.S. If it does so rule then \$2.2bn of Iranian funds will be released from bank vaults in the U.S.

Thousands mourn bomb victims, Page 4

Last major war crimes trial ends in W. Germany

BY ROGER BOYES IN BONN

A WEST GERMAN court, echoing to cries of protest from the public gallery, yesterday sentenced a former wardress in the Majdanek concentration camp to life imprisonment for murder and gave seven other camp guards gaol terms of up to 12 years each.

The Majdanek trial is likely to be the last of the major West German proceedings against concentration camp crimes and as such, much symbolic weight has been attached to the verdict, especially in Eastern Europe, Israel and by Jewish communities throughout the world. The first reaction of Herr Heinz Galinski, chairman of West Germany's Jewish community, was similar to that of the spectators in the Duesseldorf court—"It is an insult to all victims of the National Socialist regime," he said.

The trial lasted some 5½ years and the problems encountered by the court mean that the General Prosecutor's Office is extremely unlikely to embark on another trial of this scope. The fundamental dilemma is that very few witnesses survived the camp experiences and those who have find it difficult to make a positive identification after 40 years.

An additional problem is that many of the camp survivors live in Eastern Europe which also, because of the bureaucracy needed for exit visas, slows the procedure. Other witnesses have been too ill to travel.

These difficulties have clearly led to what the Jewish community has already described as an "excessively mild verdict." Although at least 250,000 people—mainly Jews but also Russian prisoners of war—were murdered in Majdanek, it was only possible to prove that the main defendant, Mrs Hermine Ryan (61), was guilty of participating in two murders.

Earlier, some witnesses had claimed that Mrs Ryan, who married an American after the war, was involved in far more than two killings. Seven other defendants received much shorter terms than Mrs Ryan's life sentence and one, a junior SS officer, was acquitted for lack of evidence.

The verdict comes at a time when relations between West Germany and Israel are already strained following Mr Menahem Begin's sharp personal criticism of Chancellor Helmut Schmidt's trip to Saudi Arabia and Bonn's support of the Palestinian right to self-determination.

Over a year ago, the Bonn Government scrapped the so-called statute of limitations—which would have ensured that people suspected of committing murder 30 or more years ago could no longer be presented—to ensure that former Nazis could still be imprisoned and to head off criticism from Israel and Eastern Europe.

In political terms, however, Bonn may well find that it is more expedient not to begin any more large-scale trials rather than to start prosecution and them have to abandon them for lack of evidence.

Between 1945 and 1978 more than 84,000 cases were opened against suspected war criminals but only 6,500 have been convicted.

Leutwiler underlines fiduciary deposit risks

BERN — Dr Fritz Leutwiler, president of the Swiss National Bank, said yesterday that the bank would welcome a slowdown in the massive growth of Swiss fiduciary deposits but that it does not currently see in their growth any imminent dangers for the Swiss money supply or the franc's foreign exchange rate.

At the same time, though, Dr Leutwiler pointed to risks for both the banks doing business in fiduciary investment and for their customers making the investments.

Fiduciary deposits, which have surged from SwFr 54bn (£13.5bn) at the end of 1978 to SwFr 150bn (£37.5bn) at the end of March, are contracts allowing a bank at its own discretion to invest a customer's deposit, usually abroad and usually in a foreign currency, in the bank's name at the customer's risk.

Speaking to the Association of Foreign Banks in Switzerland, Dr Leutwiler said that ultimately the investing banks would bear some responsibility if a major investment were to fail, although technically the customer under Swiss laws would bear the full risk.

"There is much to be said for the argument that the bank in a real crisis would have to press the claim of its fiduciary customers against a foreign borrower, in the courts if necessary," he said.

Dr Leutwiler noted that the fiduciary customer also bears in effect a double risk, arising from both the bank handling the investment and the ultimate investment itself.

He applauded the growing number of Swiss banks which are listing the volume of their fiduciary deposits in their annual reports. "This kind of accounting is in the interest of balance sheet truth and clarity although legal requirements don't exist or don't exist yet," he said.

Turning to proposals for a tax on fiduciary deposits, Dr. Leutwiler remained noncommittal, noting that care must be taken to keep Switzerland attractive as a financial centre but playing down fears that taxation would necessarily chase business away to other banking centres where such a tax does not exist.

AP-DJ

Turkish junta to set up constituent assembly

BY METIN MUNIR IN ANKARA

TURKEY'S RULING generals yesterday announced detailed plans to establish a constituent assembly which would be their first solid step towards the re-establishment of democratic rule.

However, General Kenan Evren, the head of state, and his ruling national security council of service chiefs will retain absolute power. The assembly of 160 people, to be appointed by the military, will be purely advisory as the generals will have the final say in all the legislation it produces.

General Evren has emphasised his contempt for the country's politicians by barring from the assembly "all who were party members on September 11, 1980." That was the day before the military takeover. This means that Mr Suleyman Demirel and Mr Bulent Ecevit, both former Prime Ministers, and hundreds of other experienced politicians who have become political leaders since the coup, will be excluded.

Forty members will be appointed by the generals directly and the remainder selected by them from lists submitted by the governors of the country's 67 provinces. The generals themselves will be members.

The assembly's principal duty will be to draft a new constitution which will be put to a referendum. It will also debate Bills and the budget.

The Bill setting up the assembly is expected to become law today. There is no indication, however, as to who will be members or when they will start work.

Portuguese military delay bid to end grain monopoly

BY DIANA SMITH IN LISBON

PORTUGAL'S military watchdog, the Council of the Revolution, has vetoed a government decree that proposed ending the state monopoly of grain and sugar trading and gradually allowing private enterprise to operate in the sector. The decree is part of the Government's plan to liberalise areas of the economy before the socialist 1976 constitution is reviewed during the next year.

The Council declared the decree "unconstitutional" and called for it to be handled by the National Assembly, where the ruling alliance of Social Democrats, Christian Democrats and Monarchists has a comfortable 16-seat majority.

There has been pressure from the Communist Party and from the vestigial extreme Right to maintain what is considered by most observers as an inefficient, state grain trading monopoly. It was created in the 1930s when Dr Antonio Salazar, the Portuguese dictator, aspired to make Portugal a major wheat producer.

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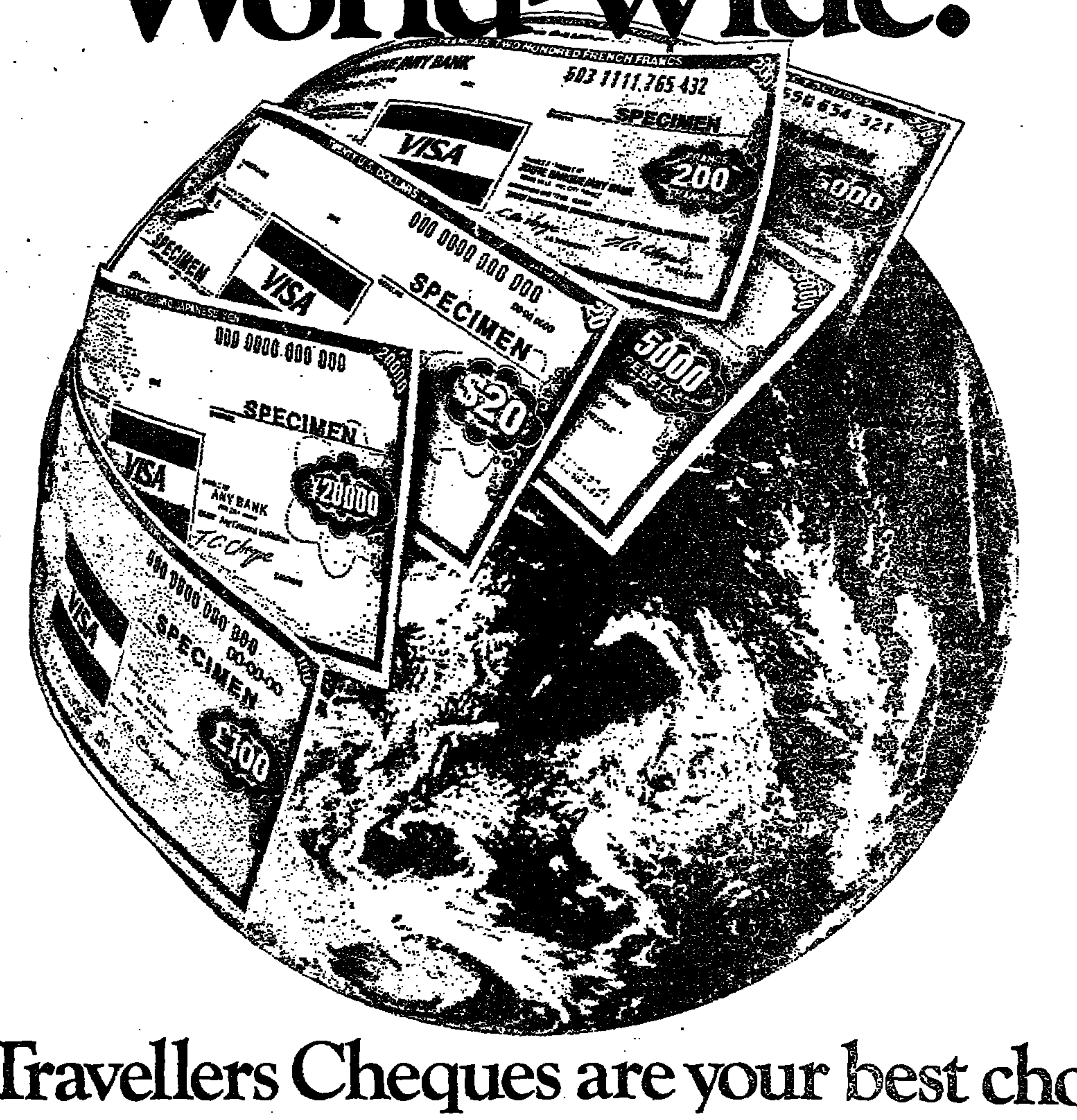


UK-French relations show signs of thaw

BY IAN DAVIDSON

EVER SINCE the Second World War, a dialogue between France and Britain has been waiting to begin, constantly frustrated by the atavistic reflexes of the two countries. An optimist may hope that this week, at the European Community summit in Luxembourg, the dialogue has started.

The desire to start a dialogue was marked by the fact that the only bilateral meeting of any importance was that between President Francois Mitterrand and Mrs Margaret Thatcher at breakfast yesterday morning. For once, the French spokesman outdid his British counterpart in emphasising how well the two leaders got on with each other personally and how often they expect to meet again—at the occasion of the royal wedding in London, at the Ottawa summit and at a regular bilateral meeting in London in September.

M Mitterrand and Mrs Thatcher get together over breakfast

But it is not just a question of theatre, nor of personalities. The French President and the British Prime Minister appeared to dominate the two-day event, whether it was on issues where they could easily agree, such as Lord Carrington's initiative on Afghanistan and the need to strengthen defences in Europe, or on those where they clearly do not agree, such as the relative priority to be given to the fight against inflation or unemployment.

Even on points of conflict, however, there is a sense that disagreement may be less rigid than it used to be in the neo-Gaullist era. The French proposals for work-sharing at the European level or for Community finance for investment in advanced industries sit ill with Mrs Thatcher's views. But the essential point is that France is no longer sitting tight on the received orthodoxy of Community wisdom. "France," said a French spokesman, "wants to be pragmatic not ideological," and that is not a phrase which would ever have been used by former President Valery Gisgard d'Estaing.

Similarly, Mrs. Thatcher was at pains to emphasise that the British demand for changes in the budgetary rules is a question of equity for all members of the Community, starting with West Germany (currently much the biggest paymaster), not just a narrow British interest.

Naturally, there will still be a big fight over the budget, and *it will not be settled this year.* But both Britain and France seem to be widening the field of debate over the Community's future running of the budget in a way which could prove more constructive than in the past.

But it is on the major issues *of geo-politics that convergence* of Europe's two nuclear powers seems to have gone furthest. President Mitterrand and Mrs Thatcher may disagree over the best method of making progress in the Middle East, but not over East-West relations. When France and Britain advertise their agreement on the need for strong defence forces and the need to combat neutralism "in certain countries" (without mentioning West Germany by name) one may be tempted to wonder whether we may not be witnessing the start of a new alignment in Europe.

And perhaps not just a new alignment, but also a new confidence in world affairs. After *all, it takes confidence as well* as tact for the summit meeting to have maintained a public silence on the critical Polish situation two weeks away from the Polish party congress, and to have chosen this moment for a parallel initiative on Afghanistan. The initiative may get nowhere, but at least it may embarrass the Soviet Union and *make it more difficult for it to* invade Poland.

Base rates start to fall in France

By Robert Mauthner in Paris

FRENCH BANKS yesterday announced the first reduction in their base lending rates since their spiralling ascent in the wake of President Francois Mitterrand's election on May 10.

Both Banque Nationale de Paris and Credit Lyonnais, two of the "big three" nationalised banks, and Credit du Nord, part of the privately-owned Paribas group, dropped their base rates from their post-election peak of 17 per cent to 15.9 per cent, with effect from today. The move is expected to be followed shortly by the other banks.

In another step indicating the authorities' greater confidence in the strength of the French franc, which has stood up better than expected to the shock of the appointment of four Communist Ministers to the Government, the Bank of France has relaxed some of its strict bank reserve requirements.

The compulsory reserve ratios of banks for residents' sight deposits, which were raised on May 16 to 5.5 per cent, have been lowered to 4.25 per cent, while those for term deposits have been cut by half from 1 per cent to 0.5 per cent.

For uncontrolled bank credits — those not subject *to lending ceilings* — the reserve ratio has been reduced from 1.75 to a nominal 0.10 per cent.

The fall in base rates logically follows Monday's decision by the Bank of France to reduce the rate for call money from 20 to 19 per cent, thus making it slightly cheaper for the banks to refinance themselves on the money market.

Brezhnev warns on danger of Western military build-up

BY DAVID SATTER IN MOSCOW

THE SOVIET President Mr Leonid Brezhnev yesterday told Herr Willy Brandt, the former West German Chancellor, that a massive Western arms build-up would not give military superiority to Nato and would aggravate international tension.

Mr Brezhnev's warning, reported by the Soviet news agency Tass, came during a three-hour meeting which West German officials said had mainly concerned disarmament issues and the prospects for limiting medium-range missiles in Europe.

Herr Brandt, who helped to begin the detente era in the late 1960s is in Moscow at Mr Brezhnev's personal invitation.

The Soviet Union is still campaigning against Nato plans to station U.S. Cruise and Pershing missiles in Western Europe. Mr Brezhnev has vowed to take "impressive measures" to increase the Soviet Union's military strength if the Nato missiles are placed.

A spokesman for the West German Social Democratic Party of which Herr Brandt is the chairman said that Herr Brandt urged U.S.-Soviet talks on European strategic arms. The goal should be the so-called "zero option" according to which Nato would decline to instal the U.S. missiles.

The plan would involve cuts in the numbers of Soviet SS-20 missiles which are targeted on Western Europe.

Warsaw Minister attacks 'bid to destabilise Poland'

BY OUR FOREIGN STAFF

POLAND'S Foreign Minister, Mr Josef Czyrek, at present on an extended visit to non-aligned Yugoslavia, has chosen an official dinner in Belgrade to accuse "certain forces in the West" of seeking to "destabilise" Poland.

At the same time, he praised *Poland's Warsaw Pact* allies for their "understanding, assistance and concern," and reaffirmed that Poland would remain a faithful member of the Warsaw Pact.

Mr Czyrek's attack on undefined "forces in the West" echoes recent criticism by the Soviet Union nad other Pact countries.

It is also *in line with an* electoral speech by Mr Stefan Olszowski, a hardline Politburo member who sharply criticised those Poles who believed the West was preparing some kind of Marshall plan to help Poland out of its present difficulties.

Mr Olszowski told Poles to remember that the West had "left Poland in the lurch" several times in the past and would probably do so again.

Leslie Colitt in Berlin adds: East Germany has also expressed its opposition to the course being followed by the Polish Communist leadership, by supporting Mr Tadeusz Grabski, a leading Polish party domatic, who has called for the resignation of Mr Stanislaw Kania, the party's first secretary.

Thatcher and Schmidt assail budget reform proposals

BY JOHN WYLES IN LUXEMBOURG

THE BRITISH Prime Minister, Mrs Margaret Thatcher, and Chancellor Helmut Schmidt of West Germany yesterday fired the first shots in a joint campaign to change the EEC budget in order to put definite limits on Bonn's payments to Brussels.

At separate news conference after the summit, both leaders were sharply critical of the failure of the European Commission's reform proposals, published last week, to bow to Chancellor Schmidt's long-standing demands. Instead, the Commission has limited itself to suggesting special arrangements for reducing the UK's net budget payments.

Mrs Thatcher castigated the Commission for failing to provide for "an equitable distribution of the burden of financing Europe."

Stressing that West Germany's payments were running at about 20 per cent of its estimated DM 30bn balance of payments deficit on current account in 1981, the Chancellor asserted that "there *is* no reason why other equally rich countries should not pay a proportionally similar amount to the EEC budget as West Germany."

Without any substantive discussion, the summit agreed to set up a special ad hoc group at ambassador level which would begin negotiating budget reform in the autumn. Its aim would be to ensure as much agreement as possible at the next EEC summit in London in *November.*

Larry Klinger adds: Mrs Thatcher yesterday spelt out the priorities for Britain's six-month term as president of the EEC Council of Ministers which begins today. In addition to the over-riding issue of guiding through the planned restructuring of the European Community's budget and the proposed reform of the common agriculture policy, she said that Britain would:

- *Seek to promote* EEC efforts "in conjunction with the U.S." to help secure a lasting solution to the Middle East conflict.
- Tackle the problems arising from the EEC's trade deficit with Japan through a common European policy.
- Try to extend common policies in new areas of business.
- Pursue "very urgently" the establishment of a common fisheries policy.

EEC leaders strike an optimistic note on the economic outlook

BY JOHN WYLES

THE heads of government reached a surprisingly confident view of the economic outlook at the end of their two-day meeting and issued a stern injunction yesterday against approaching the problem of mass unemployment "in any spirit of fatalism." Rather, they were firmly convinced that "co-ordinated flexible policies" pursued for a sufficient length of time would enable the Community to "return to a situation of economic growth, stability and satisfactory levels of employment."

The Council, however, offered very little justification for this optimism, which was obviously aimed at dispelling the impression of the past two or three EEC summits that governments were doing little more than wring their hands at the sight of lengthening queues for jobs.

They stressed yesterday thata the recent joint Council of Finance and Employment Ministers had laid "a sound foundation for subsequent action" by agreeing that the highest priority should be attached to "co-ordinated action against unemployment in inflation."

The Council promised a major effort at national and community level to boost investments aimed at higher growth and employment, with special emphasis on investment in industries "with a high innovative potential." But spending in energy conservation and production was also judged of "vital importance," while governments would take care "not to waste *precious funds on economic* activities that are bound to decline in importance."

Polticall, yesterday's conclusions on economic policy mark a slight shift from previous emphasis on the need for tight monetary and fiscal policies. Now, the stress is on the fact that the economic situations of individual member states vary significantly with the clear implication that the Ten cannot subscribe to a single broad policy line.

This seems a deliberate reaction to stimulatory policies now being introduced by President Francoise Mitterrand which have obvious attractions for the electorates in other EEC countries. At her news conference, Mrs Margaret Thatcher, the British Prime Minister, deployed an impressive armoury of statistics to demonstrate that M M itterrand had far more room for manoeuvre to attempt a classic reflation than she did.

M Mitterrand, meanwhile, faces an uphill struggle to secure an EEC-wide move towards a shorter working week. Yesterday's conclusions merely "took note" of the fact that some member states see a cut in working time as a significant element in the battle against unemployment. But it was agreed to study at Community level the possible effects of such measures, with particular emphasis on the impact on industry's competitiveness.

China exorcises the ghost of Chairman Mao

BY TONY WALKER IN PEKING


Mao Tse-tung

THE CHINESE Communist Party yesterday issued a long-awaited and definitive condemnation of the late Chairman Mao Tse-tung.

The declaration follows the demotion of Mao's successor, Hua Guofeng, and Hua's replacement as Communist party chairman by Hu Yaobang.

Mao is blamed for many of the catastrophes to have befallen China from the mid-1950s on, including the disastrous Great Leap Forward which resulted in widespread famine, and the Cultural Revolution when China was pushed to the bring of civil war.

"The Cultural Revolution, which lasted from May 1966 to October 1976, was responsible for the most severe setback and the heaviest losses suffered by the party, the state and people since the founding of the People's Republic," the indictment said.

"It was initiated and led by Mao Tse-tung."

The party's central committee, at a decisive meeting which concluded on Monday, appears to have gone some way towards exorcising the ghost of Mao, which has been rattling around the corridors of power in Peking since his death in 1976.

The central committee rid itself of Mao's hand-picked successor, Hua Guofeng, who was seen, certainly by the dominant moderate faction in the leadership, as representing some of the late Chairman's more doctrinaire views.

In the curious code-language of the Chinese Communist Party, "Left" errors were ascribed to the hapless Hua, who was demoted to the bottom rung of the standing committee of the ruling Politburo.

Mao's successor was also subjected to trenchant criticism in the official Chinese news media. Hua was accused of eagerly accepting a personality cult after he was appointed Chairman in 1976, and of not accepting pragmatic reforms put forward by Deng Xiaoping, the powerful party Vice-Chairman.

At the now-ended Plenum, according to Xinhua—the New China News Agency—Hua was deemed no longer fit for party chairmanship. His departure from the chairmanship marks a further step away from Maoist policies. The pragmatic reformist faction of Deng and Hu Yaobang, the new chairman, appear firmly in the ascendant.

The indictment of Mao, entitled "Resolution on Certain Questions in the History of Our Party since the Founding of the People's Republic of China" is the definitive party history of the post-revolutionary period.

It is the result of months of painstaking work by party historians who have had to take account of powerful elements in the leadership who objected to criticism of Mao.

The document, while it attacks the late chairman's so-called errors, acknowledges his contribution to the Chinese revolution, and seeks to invoke his writings as a guide to present party conduct.

Mao is accused of confused thinking and arrogance in his conduct during the last two decades of his life.

"Before the Cutural Revolution, there were mistakes of enlarging the scope of class struggle and of impetuosity and rashness in economic construction," the document said.

"Later, there was the comprehensive, long-drawn-out and grave blunder of the Cultural Revolution. All these errors prevented us from scoring the greater achievements of which we should have been capable.

"It is impermissible to overlook or whitewash mistakes, which in itself would be a mistake, and would give rise to more and worse mistakes.

"In his arrogance," the document declared, Mao "gradually divorced himself from practice and from the masses, acted more ano more arbitrarily and subjectively, and increasingly put himself above the Central Committee and the party."

This has not been a good week for the Left in China, which has lost ground in the ruling Politburo, and in the Secretariat which is responsible for administration of the party's day-to-day affairs.

Deng's protégés now occupy most key positions in the party hierarchy at the centre and in provincial governments.

Thousands mourn Tehran bomb victims

BY TERRY POVEY IN TEHRAN

AYATOLLAH MOHAMMED BEHESHTI and 71 victims of the bomb blast which destroyed the headquarters of Iran's ruling party on Sunday were buried yesterday. A crowd of several hundred thousand accompanied the bodies to the martyrs' plot in the capital's Behesht Zahra cemetery.

Hojatolislam Rafsanjani, Speaker of the Parliament, one of the fundamentalist leaders to survive the explosion, urged the crowd to "be alert to the dangers of counter revolution." As they marched, the mourners chanted "Beheshti, we continued to follow your path," and showered ambulances containing the coffins with flowers.

One group of mourners briefly chanted "Bani-Sadr killed Beheshti," but this was not taken up generally or by the procession organisers. Among the crowd were many clergymen as well as representatives of the different sections of the armed forces, including a military band.

In a message broadcast yesterday, Ayatollah Khomeini, Iran's revolutionary leader, said that Islam was proud of the martyrs and called upon the people to continue resisting the opposition. He drew a parallel between these 72 and 72 earlier martyrs who died alongside one of the early saints of Shi'ite Islam.

The murder of the governor of Tehran's main prison for political offenders was announced yesterday. Mr. Mohammed Kajui, of Evin prison, was shot dead by someone visiting a member of the prison staff, according to officials. "The bloodthirsty U.S., acting through the hypocrites (the Left-wing Mojahedin group) martyred him in the course of his duty," said the State radio.

Claims that the U.S. is behind the current wave of terrorist attacks are being made by many officials. A Government spokesman on Tuesday said however that Sunday's bombing was the work of "known groups inside the country."

So far, no one has claimed responsibility for the bombing and Washington has dismissed allegations that the U.S. was involved.

Political crackdown in S. Africa

By Bernard Simon in Johannesburg

THE TOUGHEST crackdown on political opponents of the South African Government since Mr P. W. Botha took over as Prime Minister in 1978 is currently under way throughout the country.

The action, taking the form of detentions without trial and banning orders, has been directed mainly at prominent black trade unionists and white university students.

According to estimates by the South African Institute of Race Relations, 35 people have been detained in the past month under security legislation which provides for indefinite imprisonment without trial. This does not include several black students who are believed to have been arrested in the Bophuthatswana "homeland."

In addition, at least six people have been served with banning orders. Among them is Mr Andrew Boraine, the President of the National Union of South African Students (Nusas) who has been confined to the Cape Town area for five years. He may not attend any political or social gathering and can meet only one person at a time.

Mr Boraine's father, Dr Alex Boraine, is chairman of the federal executive of the opposition Progressive Federal Party. Dr Boraine described the banning order as "grotesque." Mr Boraine junior was released from jail yesterday after being detained for four weeks.

Those still in detention include Mr Thozamile Gqweta president of the South African Allied Workers Union (Saawu), a radical black trade union which has attracted growing support among workers in the eastern Cape recently. The local subsidiary of the British company, Chloride, recognised Saawu earlier this year after a shop-floor poll had demonstrated overwhelming support for it. Several other Saawu leaders are also in detention.

In recent months, opposition to Government race policies, especially among blacks, has become increasingly vocal and militant. The number of acts of sabotage has risen markedly, although none has been as spectacular as the attack on the Sasol oil-from-coal plants a year ago.

Labour experts have warned that in the absence of political rights, trade unions are becoming channels for black to vent their political frustrations. Over 50 strikes have been reported so far this year.

Chad premier accused over Libya

KHARTOUM — Two Chad guerrilla organisations have vowed to step up joint fighting against the Libyan-backed Government in Chad and have accused Mr Goukouni Queddei, the Chad President, of consolidating the Libyan presence.

The Sudan News Agency carried the joint communique issued by the armed forces of the north led by Mr Hissene Habre, Defence Minister, and the armed forces of the west under Mr Mussa Medelea, previously commander of the third army.

The statement said the fronts were determined to step up armed struggle against Libyan occupation forces and their agents until the evacuation of the last Libyan soldier from Chad territory. Libya has said it is withdrawing some troops from Chad.

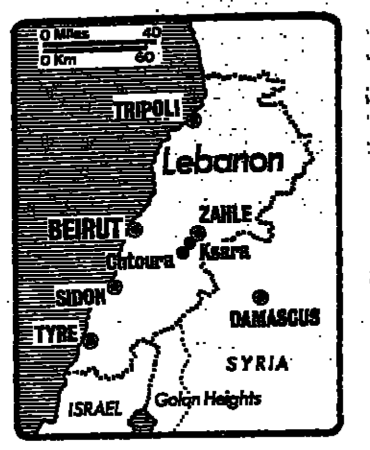
A resolution adopted in Nairobi at the Organisation of African Unity summit last weekend pledged to form a pan-African peace force to replace the estimated 12,000 Libyan troops. President Goukouni said he would ask the Libyans to leave when the force was in place.

AP

James Buchan sees the Christian militia removed from Zahle


Syrian soldiers of the Arab Deterrent Force inspect arms taken from Christian forces at Zahle.

Traffic jam—minus the shooting



THE RELIEF of Zahle just after dawn yesterday resembled the Lebanese traffic jam which always follows a drop in tension, only without the casual shooting.

The armoured column of Lebanese gendarmes took more than two hours to crawl the five miles down the narrow road from Chtoura on the Damascus railway, to the line of the Syrian "peace-keeping forces" outside the beleaguered Christian city.

But the operation passed without a hitch. A major step has been taken to defuse the Lebanese crisis and, with it, the "crisis" between Syria and Israel over the surface-to-air missiles which Damascus has installed below the town.

The column of 250 gendarmes collected in Chtoura before dawn to take over security, and supervise evacuation of about 90 fighters from the main Christian militia, which had been placed by the Right-wing Phalange party in Zahle at the end of last year. This was the Syrian condition for dropping their bombardment of the town.

Thrust suddenly into the limelight, the gendarmes decorated their armoured cars with oleanders and sprigs of greenery, and pose endlessly for photographs.

At Ksara, where the Jesuit fathers made a passable red wine before the Syrian investment of Zahle at the beginning of April, the gendarmes halted before the hard men of Syria's Special Forces, which are under the command of Rifaat Al-Assad, the brother of the Syrian President.

There, they sheepishly removed the greenery of the liberators. Just after 8 am, they entered Zahle itself in the shadow of a colossal statue of the Virgin.

The men they brought out were few, young, heavy-lidded and unshaven, squashed into five buses between nervous gendarmes and their M-16 rifles, motley in uniform, some even wearing track suits.

One or two managed a wave, but most sat smoking dejectedly, with their heads in their hands. At Ksara again, the medium-grade weapons were taken out for the benefit of Syria's journalists—a batch of recoilless rifles, small calibre mortars and rocket-propelled grenade-launchers.

Though the "returning heroes" were greeted by the Phalange with medals and wreaths for their dead, the withdrawal from Zahle is a major defeat for the Christian Right and particularly for Mr Bachir Gemayel, commander of the main Christian militia, who attempted to extend Phalange control into the Greek-Catholic town at the end of last year.

This precipitated April's eruption and, through the intervention of Israeli aircraft against Syrian helicopters above the town, the installation of the missiles.

It seems certain that the 170,000 people of Zahle in the past three months have come to fear the presence of the Phalange fighters as much as they loathe the Syrians and their saturation shelling. This is only partly because the Phalange is predominantly a Maronite Christian, not a Greek Catholic, party.

The victory lies with the ordinary Lebanese, because the violence at Zahle has consistently detonated tension elsewhere and, notably, in Beirut.

Syria has also improved its case, for it has managed to show it is undertaking some form of heavy-handed peace-keeping, and is better placed to face out any claims by Israel that it is protecting Lebanon's Christians in Zahle.

Any Israeli argument for an attack on the missiles, other than based on its own security conceptions, has been weakened.

It is also a triumph for the Saudis, and particularly Gen. Ali Al-Shaer, the Saudi Ambassador in Lebanon, who has led the Arab effort to reduce the tension in Lebanon and has insisted on a resolution of the hostilities at Zahle as a first step.

Syrian military intelligence was in no mood to let civilians into the town yesterday, not even supply lorries. Rubble lay everywhere in the streets, possibly even land-mines. But Syrian officers promised the main road would be open in two days. Lebanese officials are also confident that the blockade is over.

For the first time in three months yesterday, many of the people of Zahle were ready to face a night outside the shelters. On Monday evening, when news of the Saudi breakthrough reached the town, Zahle rang its bells.

Saudis 'sounding out Opec on price unity'

BY PATRICK COCKBURN

SAUDI ARABIA is putting out feelers to other members of the Organisation of Petroleum Exporting Countries (Opec) about holding an extraordinary ministerial conference to reunify oil prices. No meeting will be held unless agreement on prices is virtually guaranteed from the start, the authoritative Middle East Economic Survey says.

At the last Opec meeting in Geneva in May, the Saudis wanted to reunify prices at $34 a barrel, but this was rejected. With the steep drop in spot oil prices since then, the Saudi proposal may no longer be on offer.

North African producers selling high quality, expensive light crudes have been worst hit by the oil glut. Oil companies have been pressing Libya to reduce its prices by $5 or $6 a barrel from $41, but the Libyans seem likely to concede only $1 off their official price.

The Libyans deny that their prices have led to a fall in their output to 1.1m barrels a day (b/d), according to the magazine. Officials say that Libyan production is still close to 1.8m b/d, the level agreed at the last Opec conference.

Mexico seeks price rise, Page 6

هكذا من الأصل

U.S. navy wins battle for the Hornet fighters

BY OUR U. S. EDITOR IN WASHINGTON

THE U.S. NAVY has won a major battle in its campaign to acquire the controversial F-18, the most expensive American fighter ever built, with this week's decision by the Pentagon to authorise full production of the twin-engined aircraft. But two important riders have been added to the decision and the Navy has not yet won all it wants.

The Pentagon has only given the go-ahead for production of the fighter version of the aircraft, known as the Hornet. A decision on full production of the A-18 ground attack version, for use by the marines, has been deferred until the autumn of 1982 pending a further review of its capabilities.

Each aircraft is estimated to cost about $32m (£16.5m) at the beginning of the production run in 1982, declining to around $25m as economies of scale are achieved in later years, according to officials of the Defence Department.

The Pentagon has also told the navy to reduce the fighter's cost, principally, according to navy officials, by spreading procurement over a greater number of years. Ultimately the navy hopes to buy 1,366 F-18S and A-18S from McDonnell Douglas, which also builds the air force's F-15 Eagle.

The F-18 has come under sustained criticism both for its high cost and its failure to meet specifications as an attack bomber. The fighter version, however, has met all its requirements following a review by a high-level defence panel, Mr. Frank Carlucci, Deputy Defence Secretary, said in the memorandum authorising its production.

The navy wants the hornet to replace its carrier fleet of F-4 Phantom fighter bombers and A-7 light attack aircraft, both a generation behind such advanced fighters as its own F-14 and the air force's F-15 and F-16. The navy wants to increase its number of aircraft carriers from 12 to 15.

Reuter adds: The Defence Department has released between $445m and $450m of initial production funds for the Hornet. About $1.2bn has been spent so far on the aircraft.

'Temporary stall' for economic recovery

By Our U.S. Editor in Washington

FRESH EVIDENCE that the U.S. economy is slowing down, if only temporary, came yesterday with a *sharp drop* in the composite index of leading indicators for May, the Government's measure of likely economic performance in the weeks ahead.

The economic recovery that began last summer appeared to have stalled temporarily, Mr Malcolm Baldrige, the Commerce Secretary, said in reaction to the figures.

The index, published yesterday, showed a 1.8 per cent fall against the figure for April, which was revised to show a 0.4 per cent increase. The May downturn was the third and largest retreat since January.

Mr. Baldrige, whose department is responsible for the index, said that he did not expect to see a recession, "but we do expect to see a slowdown in the short term."

It *is not only* the *leading indicator* index that has contributed to this impression. The second quarter figures for gross national product, due to *be published this month, are* expected to show the economy growing little if at all in real terms, after a freakish 8.6 per cent leap in the first quarter.

A slowdown at this point is not politically inconvenient for the Administration. It should reinforce the case for the planned Reagan tax cuts (25 per cent over three years) and help to counter charges that they will overheat the economy.

Not too much however should be read into a single month's change in the leading indicator index. Traditional wisdom has it that a real change in direction is only signalled if the figures for three successive months all point the same way, and even that is not infallible. So far this year the index has turned down in January and February, up in March and April.

The biggest negative influence in May was at the very beginning of the supply pipeline, with an apparent drop in demand for raw materials like scrap iron and paper. Natural gas and oil are included in the raw materials index, but appeared to have had little influence either way.

Nine of the 10 indicators available for May contributed to *the decline. They were the* lay-off rate, new orders, the pace of deliveries, contracts and orders for plant and equipment, building permits, stock prices, *liquid assets*, the money supply adjusted for inflation and a four-month raw materials average.

Argentina peso continues to slide

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

ARGENTINA'S economic crisis deepened yesterday as the peso continued its rapid slide on local exchange markets and fears persisted of a new wave of bankruptcies and a return to the hyper-inflation of five years ago.

Despite the fears, the Government of President Roberto Viola was understood to be preparing to give new stimulus to the economy in the hope of bolstering business.

At the same time the commanders-in-chief of the army, navy and air force yesterday presented Gen Viola with their *plans for a return to civilian* rule. No details were released.

Exchange houses opened yesterday with wide spreads between the buying and selling *rate for the dollar. In hectic* trading, with quotations fluctuating rapidly, the peso quickly fell through the level of 7,000/7.800 registered on Monday and by early afternoon the selling rate had fallen to between 8.500 and 9.000 to the dollar.

The Argentine currency has thus lost more than 75 per cent of the value it commanded at the beginning of the year, when it was quoted at around 2,000 to the dollar.

In a move to offset the increased liquidity in Argentina resulting from the central Bank's emergency measures to ease the debt burden of domestic industry, bank cash reserve requirements are *being raised* half a point to 16.5 per cent.

The new requirement, which comes into force today, compares with a level of 10 per cent *at the end of February.*

After two days of emergency talks the Government has, meanwhile, undertaken that control of skyrocketing interest *rates which are placing many* companies in difficulty remains a high priority.

At the end of a series of meetings with Gen Viola, Dr Lorenzo Sigaut, the Economy Minister, announced on Monday that his economic team was "working permanently" on the problem. Seven-day peso deposit rates are fluctuating between 250 and 300 per cent on an annualised basis from the banks, while finance companies are offering depositors more than 350 per cent.

The *Viola Government*, caught between the danger of a return to the situation in the last weeks of the Government of President Maria Estela Peron in 1976, when *inflation* was heading towards 60 per cent a month and the no less disturbing prospect of widespread commercial and financial bankruptcies, *is said to be seeking* new ways of boosting production.

Strikes have affected several large factories including Borgward and Mercedes Benz, where the management is dismissing 300 workers for lack of orders. The president of the Argentine Industrial Union, the UIA, Sr Jack Hirsh, has said that the situation of industry in Argentina is "critical."

Mexico seeks oil price rise

MEXICO, the world's largest oil producer, is negotiating a barrel price increase with its clients and also intends to adopt a much more aggressive marketing policy, William Chislett reports from Mexico City. This has been confirmed by Sr Julio Rodolfo Moctezuma Cid, the new head of Pemex, the state oil concern.

Mexico, which is not a member of the Organisation of Petroleum Exporting Countries, reduced its oil price by $4 a barrel to $30.60 three weeks ago. The move was attacked by the Government and led to the resignation of the head of Pemex, Sr Jorge Diaz Serrano.

Mexico is expected to lose at least $1.2bn in oil revenue unless prices are restored, but it is believed that the prospects are not good.

Sr Moctezuma Cid has admitted that Mexico's oil clients reduced their contract amounts by 310,000 b/d in June because of the world oil glut. Mexico is currently exporting about 1m b/d compared with about 1.4m b/d in May.

Canada postal strike

A strike by Canada's 23,000 postal handlers and clerks began yesterday when their *union rejected a last-minute offer by the federal Government* to resume negotiations, Victor Mackie reports from Ottawa. Key issues in the dispute *include wages, maternity* leave and the management's use of cameras to watch workers. A conciliation board has proposd wage increases of C$0.7 (30p) an hour against the union claim for C$1.70.

SEC enforcement chief has bribery Act doubts

BY DAVID BUCHAN IN WASHINGTON

JOHN FEDDERS, named this week as chief of enforcement for the Securities and Exchange Commission, has promised to continue the agency's vigorous policing of securities laws.

Saying that differences with his predecessor, Mr Stanley Sporkin, would be mainly of style, Mr Fedders, a Washington lawyer with business *connections*, spelled out his main focus as investigating organised crime, fraud, market manipulation and insider trading in which companies or their executives take advantage of information they alone possess.

But the new enforcement chief—a sort of top policeman for Wall Street and U.S. business—*hinted at one change from* the redoubtable Mr Sporkin, who hotly pursues companies using secret slush funds to make pay-offs for foreign contracts.

Mr Fedders, a former defence lawyer for companies charged with questionable overseas payments, said he had doubts about the ambiguities in the accounting provisions of the 1977 anti-bribery Act.

The SEC would, he said, enforce the law until it was changed, which is precisely what the Reagan Administration wants to do, with the Justice Department replacing the SEC as chief enforcer.

Unlike Mr Sporkin, who has *become the Central Intelligence* Agency's general counsel, Mr Fedders has some business experience. This is in line with the trend under the Reagan *Administration of putting* people more sympathetic to business in positions regulating the business community.

Meanwhile the U.S. nuclear *Regulatory Commission acquires* a new chairman today. He is Mr Joseph Palladino, who takes office amid complaints from the nuclear industry that the *Administration is giving it* neither the more compliant regulators nor the overall pro-nuclear policy it had hoped for.

Guzman to step down

PRESIDENT GUZMAN of the Dominican Republic has announced that he will not stand for re-election next year, Reuter reports from Santo Domingo. The decision is believed to be the first voluntary surrender of presidential power in the country's 137-year history.

Sr Guzman named Vice-President Jacobo Majluta as *his preferred successor, but* the ruling party will not decide on its candidate for the presidency until October.

The sunbean makes its debut

WASHINGTON — U.S. scientists have developed the sunbean, a genetic twinning of a French bean and a sunflower which could lead to more *nutritious and healthy plants.*

Mr John Block, the Agriculture Secretary, has disclosed that Government and University of Wisconsin researchers *have transferred* a protein-producing gene from a French bean to a sunflower tissue, creating a new plant tissue which they named a sunbean.

Mr Block said that the hybrid was the first step towards increasing the nutritive value of plants, making plants resistant to disease and producing maize seeds that did not need nitrogen fertiliser.

The leader of the research team, Mr John Kemp, said the breakthrough held out the exciting prospect that a vegetable containing all the amino acids essential for human nutrition could be produced. Most vegetables lack at least one.

Another possible application would be to alter the genetic make-up of vegetables to make a larger part of their protein digestible. But practical application of the new technology is still years away, officials conceded.

Praising the experiment, Mr *Block said the potential for* adding protein value to food by mixing genes from different plants had long been limited by their incompatibility.

Officials said another application of the discovery could be the ability of corn to absorb more nitrogen from the air, which would lessen the need for costly fertilisers.
Reuter

Laker Airways wins approval for Hong Kong-Pacific flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS moved significantly closer to an eventual round-the-world Skytrain cheap-fare air service yesterday when the Hong Kong Government awarded the airline rights to fly daily from Hong Kong to the U.S. West Coast via Tokyo.

Laker already has UK rights from London (Gatwick) to Hong Kong, and is waiting for confirmation of rights from the Hong Kong Government for flights from the colony to Gatwick.

Other steps which Laker Airways must take before it can begin a round-the-world Skytrain operation include securing traffic rights between Hong Kong and Tokyo, and U.S. Government approval for the rights across the Pacific to Honolulu, San Francisco and/or Los Angeles.

Both these matters are the responsibility of the UK Department of Trade, which must initiate negotiations with Japan on the Tokyo rights.

The trans-Pacific rights are embodied in the Anglo-U.S. Bermuda Two *air agreement*, and should be automatically endorsed by the U.S. Government after a formal request from the UK.

If all goes well, Laker hopes to start its globe-circling Skytrain by Christmas. Sir Freddie Laker, chairman of Laker Airways, said yesterday he was delighted with the Hong Kong Government's decision.

The Hong Kong Air Transport Licensing Authority also granted rights to Cathay Pacific Airways to fly from Hong Kong to Vancouver and Seattle, via Tokyo.

Cathay Pacific already has rights to Tokyo. Laker has given an undertaking that it will not cut into those rights, but will seek additional rights of its own.

Laker has been flying between London and Los Angeles, across the North Atlantic, for some time. The trans-Pacific Skytrain operation from Hong Kong would link at Los Angeles to create the complete round-the-world route.

Hyundai secures £205m ships order

By Andrew Fisher, Shipping Correspondent

UNITED Arab Shipping Company has placed one of the largest ever commercial shipbuilding orders worth $400m (£205m) with Hyundai Group of South Korea for nine container ships and 14,000 containers.

The 35,500 deadweight ton vessels will cost UASC about $37m each for a total of more than $330m, with the containers making up the rest of the contract's value.

UASC, which is owned by the governments of Saudi Arabia, Kuwait, the United Arab Emirates, Iraq, Qatar and Bahrain, is the largest shipping line in the *Middle East* with about 60 ships.

In the final running for the order, strongly competed for by world yards, were Hitachi of Japan and West Germany's Flensburger, apart from Hyundai, said UASC.

The ships and containers will be paid for in cash and built by Hyundai Heavy Industries at its Ulsan yard. UASC also intends to order a further 1,000 containers in Europe.

The Middle Eastern line has already bought 24 multi-purpose vessels of 23,000 dwt from Hyundai since 1976 and four 19,700 dwt container vessels.

The new ships will be used for imports into the Gulf from the Far East and Europe, as well as from the U.S. to Gulf and Red Sea ports.

UASC is also considering starting new container routes from Australia and New Zealand and from South America to the Gulf.

Last year, it made a net profit after depreciation of KD 20m ($71m), more than twice the net losses incurred in the previous two years. UASC said the first few months of 1981 were producing favourable results.

● **Our Rangoon correspondent writes:** Hyundai Construction Company of South Korea has won a civil engineering works contract worth $75.5m for a multipurpose dam project in Burma, outbidding rival firms from Japan, Italy, West Germany and Yugoslavia.

The biggest of its kind so far in Burma, the five-year project includes construction of a multipurpose dam at Nyaunggyat in the centre of the country, which will help control floods.

China plea to smooth border trade

By Kevin Rafferty in Shenzhen

OFFICIALS in this Chinese border town yesterday appealed *for Hong Kong's co-operation* to make business exchanges easier and to smooth the way for foreign investment into China.

By *implication*, though it was not explicitly stated, there was criticism of Hong Kong for making the businessmen's and investors' path more difficult.

But foreign businessmen were more open and vocal about Hong Kong's poor border facilities.

Huang Xue Lin, an official of *the Shenzhen* special economic zone, told visiting foreign businessmen that China was keen to improve the flow of investment exports.

He suggested that Shenzhen and Hong Kong could set a joint inspection unit on the border to speed the flow of goods.

The Chinese city had plans that visas would not be needed for visitors spending fewer than seven days and not going beyond Shenzhen. New rules to *this effect* are before the Guangdong people's congress, he said.

Other incentives under urgent discussion, he confirmed, *are tax incentives and greater* freedom for management. But he added that on questions of access "we need the Hong Kong Government to be more *co-operative*; if we agree and they do not, then it will mean nothing."

Many of the businessmen, members of the Hong Kong *General Chamber of Commerce*, were more outspoken in criticising Hong Kong.

Huang outlined the sort of investors whom Shenzhen is anxious to attract. They include electrical and electronic products, machinery manufacturers, building and construction industries, land development projects, plans for country and livestock farms and consultant and management services, particularly those specialising in recruitment and training.

French group wins Cairo metro order

By Our Cairo Correspondent

INTERINFRA, the French consortium, has won the long sought after contract, worth some $800m, to build the Cairo metro.

The deal was signed yesterday by Mr Suleiman Metwalli, the Egyptian Transport Minister. The French Government has agreed to help finance the equipment and construction at a cost of some FFr 1bn.

The metro will link two existing railway stations nearly three miles apart, at Bab el Louk and Ramses Square. More than 10 years have passed since the contract was first put out to tender, although the rail link-up has long been considered an answer to at least part of Cairo's worsening traffic problems.

Ireland may serve as computer export base

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANESE small computer makers are showing strong *interest in using* the Republic of Ireland as a base for manufacturing and export to Europe.

In January this year Sord Computers, an independent specialist maker of small business computers, opened a factory in *Dublin* to serve its European markets. Sord's closest competitor, Logic Systems International, is now understood to be seriously considering opening an Irish factory.

Both Sord and Logic Systems are small scale operators compared with Japan's major computer makers, but their sales have been growing rapidly. Sord doubled its turnover to Y4.9bn (£11m) last year and expects to sell between Y8bn and Y10bn worth of machines this year. Logic Systems' turnover increased 50 per cent in 1980 to Y1.5bn, but is expected almost to double in 1981.

About 90 per cent of Logic *Systems' output* is exported, mostly to Western Europe. The company says its main reason for investing in Ireland (if it decides to do so) will be to avert frictions that could be caused by the continuing rapid growth of direct exports from Japan.

The company has no production facilities of its own in Japan but has its machines assembled by subcontractors whom it supplies with components. It would, however, run a full assembly operation if it decides to go ahead with its plans for an Irish factory.

Mexico acts to control growth in imports

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO, which is facing growing balance of payments problems, has tightened its controls over imports by extending its system of import licences to cover a further 300 items.

The move, intended to dampen the soaring demand for *imports, has effectively* killed the Government's trade liberalisation policy started in 1977.

A total of 85 per cent of the value of imports is now subject to import licences against almost 60 per cent at the beginning of the year.

The licences list now covers a wide spectrum of goods, including cement, tyres, turbine engines and many consumer goods.

The Government has widened the list in an attempt to curb the rising current account deficit. According to the Central Bank, the deficit was $1.42bn in the first quarter of 1981, two and a half times greater than the corresponding period in 1980. This was despite an almost 100 per cent increase in the value of oil exports.

Exports in the first quarter rose overall by 56 per cent and imports by 60.3 per cent. Exports of manufactured goods, however, declined in real terms.

Mexico's oil-fuelled boom has produced a tremendous surge in imports, and exports non-oil are not rising sufficiently to offset the demand. At the same time, inflation is moving sharply upwards and the peso has become overvalued, making non-oil exports uncompetitive.

Portugal hopeful of Brazilian trade boost

BY DIANA SMITH IN LISBON

A NEW burst of goodwill between Brazil and Portugal could bring $180m of business to Portuguese shipyards over a three-year period. There is also a possibility that Brazilian aircraft could be serviced and maintained in Portugal and some chance that Brazilian civil and military aircraft could be assembled here.

These proposals emerged during the recent meeting of the Portuguese-Brazilian Joint Economic Commission, a periodic *official event which in the past* has not always led to more business between the two countries.

The Brazilians have expressed their "firm resolve" to order three roll-on-roll-off vessels from Portuguese yards at a cost of $42m and to place an order for stretching of three Brazilian vessels in order to increase capacity, at a cost of about $10.5m. Brazil, after years of expensive chartering, is building up its fleet and would use Portuguese yards regularly for repairs.

Incipient proposals for co-operation in aeronautics are of major importance to both countries. Embraer, the Brazilian aircraft maker, has had considerable success in Europe with its unsophisticated Bandeirante passenger turbo jet and its Xingu pilot trainer jet.

Portugal's aircraft repair workshops have serviced Nato jets for years, even at the height of the 1974-75 revolution, when the country was hard put to get orders for its goods, let alone maintenance services. The opportunity to repair Embraer aircraft would be a filip for the more ambitious long-range aspiration to assemble *Embraer plans* here, using some Portuguese-made parts.

Iraqi deal with UK company

By Our World Trade Staff

BILLINGTON STRUCTURES of Yorkshire has won a £5.25m order from the Iraqi Health Ministry for the design, manufacture and construction of six drug storage warehouses in *Baghdad*.

The warehouse, which will be of prefabricated construction, will be manufactured in the UK and delivered over a period of five months. Civil engineering, building works and construction will be carried out by Billington's Iraqi branch for completion in 10 months.

● Trandex, the London-based specialists in Middle East distribution, has just completed the shipment of trench lining equipment from Heinsberg, near Cologne, to Baghdad. The equipment will be used in the construction of a £750,000 pipeline to bring water from the river Tigris to the Iraqi capital.

● Cable and Wireless has been awarded an £847,000 contract for the expansion of the automatic telex exchange in Amman. The company has been involved in communications work in Jordan for some years and has won two other contracts there in the last 18 months.

● *Life Long Polymer of Newton* Abbott said it was among the sub-contractors awarded a £3m contract by the Defence Department of the United Arab Emirates. It will supply solar reflecting coating to the roofs of new defence establishments

Private sector disciple takes the helm at the World Bank

BY DAVID BUCHAN IN WASHINGTON

MR A. W. (Tom to his friends) Clausen takes over today as president of the World Bank, bent on using it to channel more loans and investment into the Third World's private sector. "I'm a private sector person," the ex-head of Bank of America has been telling interviewers, "and while the private sector's not perfect, it's terribly efficient."

In this sense, the Reagan-approved new Bank president brings "Reaganomics" ta the world's largest development institution.

But Mr Clausen's most immediate task is less to redirect the Bank's future than to consolidate the remarkable gains made under his redoubtable predecessor, Mr Robert McNamara, who built up lending by the Bank and its affiliates to an annual $12-13bn. As Mr Clausen will soon discover, the aid business means running hard even to stay on the same spot.

To prevent past gains being *eroded involves a major fight to* keep funding going for the International Development Association (IDA), which provides virtually interest free, 50 *year credits to the poorest of* the Bank's 139 member countries. The main battle front for the IDA is in the U.S. Congress, where Mr Clausen *hopes to be a smoother sales*man for the bank than the often controversial Mr McNamara.

Mr Clausen seems ready for a rough ride. One of his favourite metaphors of recent weeks has been that as he puts his foot in the stirrup of his new job he has found the horse bucking harder than he thought it would when he accepted the job last November.

Certainly, Mr Clausen has taken a major leap from a lifetime career at Bank of America, the San Francisco-based institution that level pegs with Citibank for title of the world's largest. His route to the top *(he became BoA president and* chief executive in 1970) was

Mr. Tom Clausen (left) is ready for a rough ride when he takes over as President of the World Bank. His most immediate task is to consolidate the gains made by his predecessor Mr. Robert McNamara.

domestic banking. While BoA has more than 70,000 employees in some 100 countries, Mr Clausen now inherits a staff drawn from 120 nationalities, as well as a host of political problems that never enter commercial bankers' ledgers.

Mr Clausen has little doubt he has the Reagan Administration's ear. He was formally nominated to his new post by Mr Jimmy Carter after the election but with the approval of Mr Reagan. Mr George Schultz, the fellow San Franciscan businessman and architect in the Reagan transition team, played broker.

Banking circles have generally applauded the choice of one of their kind. There seems little question of the Clausen World Bank losing its triple A credit rating and and early gauge of the mood could be the $500m borrowing which the Bank is making in the bond market, its first return to the U.S. capital market since 1977.

Virtually all the Bank's member governments have welcomed Mr Clausen as the right man for changed political times in the U.S., still the Bank's heftiest contributor. However, the key question for Third World members—the Bank's customers—is whether Mr Clausen has the scope or passion to fight for their development needs, as they came to feel Mr McNamara had.

This mix of anticipation and angst is shared by the Bank's own 2,500 staff, *who so far have* had little to judge Mr Clausen by. He left BoA in April, to give himself two months to work himself into his new job. But *the smallish office which* the World Bank gave him seemed to prove too abrupt a change from the trappings of private corporate life, and Mr Clausen *promptly took* up interim court in a Washington suite provided by BoA.

Some in the Bank, fear the Clausen policy changes, others just his well-publicised grouchiness in the mornings. All, however, are intrigued by his talk of "decentralising." Whether this extends to getting more of the 96 per cent of the Bank's staff which are based in Washington out of the U.S. capital and into regional offices—as some developing countries have long urged—is not yet known.

Mr Clause has *said his desire* to bring the private sectors of industrialised and developing countries closer together will take at least two forms:

● Greater use of the International Finance Corporation, an arm of the World Bank group that specifically makes loans up to and takes equity in the Third World's private sector. The new IFC head is a private sector soulmate for Mr Clausen—Herr Hans Wuttke, who was astutely recruited by Mr McNamara from the Dresdner Bank at the turn of the year.

● More co-financing of aid projects with commercial institutions. Mr Clausen is proud that BoA was the first private bank to enter into co-financing with the World Bank. He has also talked of "re-packaging" World Bank loans for sale to private institutions as a means of get*ting more use out of the World* Bank's resources.

The overall level of resources for the Bank itself, which borrows in the markets and lends on roughly commercial terms (9.6 per cent at present), may not trouble Mr Clausen for a time. The general capital *increase wil almost* double the Bank's capital to $80bn (only 7.5 per cent has to be paid in by governments). The increase at last appears to be going *through*, even with the U.S. Congress.

In limbo for the moment are the possibilities of the Bank increasing its gearin ratio — which limits loans to hte exact one to one equivalent of its capital — and of the Bank spinning off a special energy affiliate. Both were envisaged by Mr McNamara.

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North Sea oil prices 'on even keel' at $35

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S North Sea oil prices are likely to remain stable at $35 a barrel at least until September, Mr Philip Shelbourne, chairman of British National Oil Corporation, said yesterday.

"We should see stability, I would hope, up to the end of this quarter," he said, after addressing the annual conference of the Institute of Petroleum in Cambridge.

Much would depend on Saudi Arabia, he added. BNOC, which recently cut $4.25 a barrel from contract prices, would maintain its $3 a barrel premium over Saudi Arabia's reference price.

Mr Shelbourne said he hopes the Organisation of Petroleum Exporting Countries soon would agree a unified pricing system based on a reference level of around $34 a barrel.

In Vienna, Dr Rene Ortiz, the retiring Opec secretary general, has forecast that the present glut of world oil supplies should ease by September. Market conditions should give way to rising demand and prices then, he said.

Opec's crude oil production has sunk to around 22m barrels a day—the lowest level in more than a decade—according to estimates. Dr Ortiz said overall prices and production levels should not fall any lower this summer.

He said demand may grow in September as a result of higher seasonal needs, rebuilding of stocks and an improvement in economic growth in industrialised countries. This would lead to a balanced oil market and a unified price for Opec crude, he added.

The present glut has affected Opec's long-term strategy for gradual increases in oil prices, said Dr. Ortiz, who today hands over the position of secretary general to Mr. Marc Saturnin Nan Nguema of Gabon.

Dr Ortiz said the revised draft of Opec's strategy would be more concerned with future oil gluts, member countries' oil reserves and long-term oil supply availability.

Industries criticise secret gas contracts

BY MAURICE SAMUELSON

BRITISH GAS Corporation's practice of negotiating secret supply contracts with bulk customers was criticised yesterday when five major industries protested to the Government about Britain's high energy prices.

The issue was raised when manufacturers of glass, paper, chemicals, steel and bricks and refractory tiles met Mr Kenneth Baker, Industry Minister of State.

Mr Robert Redmond, director of the National Federation of Clay Industries, said secret contracts for gas supply were a restrictive practice which should be outlawed. His claim followed Monday's complaint about gas contracts by the Association of British Chambers.

British Gas has said that a fixed price system like that for electricity could mean worse terms for some industrialists and that a substantial number of its customers favour individual contracts.

However, there was no evidence of this yesterday since Mr Redmond's complaint received general agreement from the other representatives of energy intensive industries at the meeting with Mr Baker.

Both sides said they were pleased with the meeting and Mr Baker promised to follow the trend of energy prices within the industries and would report their views to other government departments.

The other organisations represented at the meeting were the Chemical Industries Association, the Glass Manufacturers' Association, British Independent Steel Producers Association, British Steel Corporation, and the British Paper and Board Industry Federation.

These industries had been highlighted in the report by an energy task force of the National Economic Development Council earlier this year. But they told Mr Baker that they remained at a disadvantage with foreign competitors despite Budget concessions worth £168m.

Their requests yesterday included:

- a major programme of Government support in the medium term for energy efficiency measures;
- abolition of the £8 a tonne excise duty on fuel oil or at least a reduction to the £1.62p average duty in the EEC;
- linking fuel oil prices with that of heavy fuel oil instead of with dearer gas oil;
- extension of the gas price standstill until EEC prices catch up;
- immediate reduction in industrial contract prices for gas resulting from action on fuel oil.

They also demanded a more urgent review of the bulk electricity supply tariff.

Although some of the industries have complained about lack of sympathy from the Energy Department, Mr John Adams, director of the Paper and Board Industry Federation, said they recognised that they were "knocking their heads against the Treasury rather than the Energy Department."

International show loses cycle makers' support

FINANCIAL TIMES REPORTER

CASUAL visitors to the International Cycle Show which opens at Harrogate today might well believe British manufacturers have given up the fight against foreign competition — just when cycle imports are increasing rapidly and few British companies are working to capacity.

But all is not what it seems.

Although the show is now in its seventh year, some British cycle makers doubt whether it is held in the right place or at the right time.

So last year the Bicycle Association of Great Britain promoted its own Easter show at the National Exhibition Centre in Birmingham. Member companies agreed to support this event which coincided with the Motorcycle Show, and declined to book for Harrogate.

It was hoped that a wider cross-section of the browsing public would attend — a hope that was not entirely fulfilled.

In fact, Raleigh, Britain's largest manufacturer, will not be supporting next year's show. The company is unlikely to return to Harrogate either as it feels only committed cyclists patronise that event.

Raleigh is currently considering where to go next. The Ideal Homes Exhibition is a strong contender.

The withdrawal of most British manufacturers has meant there are more foreign exhibitors at Harrogate,

Head demands radical change in A-levels

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A LEADING headmaster yesterday blamed the GCE A-level system for producing poor management in the UK.

"The three A-level tradition lies deep at the very heart of our problems," Mr David Emms, head of Dulwich College, the South East London independent school which has a consistently good A-level record.

He urged the Government to introduce a broader, five-subject curriculum for the 18-plus exams—even if it were at the expense of some academic depth.

In a personal report on education and industry to the Head Masters' Conference of leading academic schools, Mr Emms said: "The fact remains that the three A-level system has not produced:

- The young people of all-round ability so urgently needed by industry (cf. the French engineer and his Scottish counterpart);
- Science students who can express themselves cogently on paper or orally;
- Arts students who have a sufficient awareness of scientific function;
- Young people who at 18 have a sufficiently wide range of choice before them, and
- A substantial majority of 18-year-olds who go on to consider in later life that their school education was 'relevant' and ideally useful to them (how often one comes across genuine regrets when talking to former pupils. . .)"

Mr Emms said in his report, published by Midland Bank, that more emphasis must be put on practical applications and the study of technology.

HMC Schools and British Industry; HMC, 29 Gordon Square, London WC1, £1.

Cabinet battle on Vale of Belvoir pits

Martin Dickson on the wider implications of sinking mines in this historic part of rural England

A MAJOR cabinet battle—with wide-ranging implications for energy, environmental and union policy—is likely over the plan to mine coal in Leicestershire's Vale of Belvoir.

Mr Michael Heseltine, the Environment Secretary, says the National Coal Board should be refused permission to sink three pits in the Vale, which contains the home of Stilton cheese and historic Belvoir castle.

Leading the coal lobby is Mr David Howell, the Energy Secretary, whose Department argued strongly at last year's planning inquiry that the pits would be a vital addition to Britains energy resources.

In a confidential draft Cabinet paper, Mr Heseltine says he is "far from convinced" there will be a market for Belvoir coal. He therefore sees no reason why mining should be allowed to cause environmental damage.

Rejoicing

His stance is surprising because it over-rides the recommendations of Mr Michael Mann, the inspector who headed the Belvoir inquiry. Mr Mann said permission should be granted—provided the NCB did not build spoil heaps at two of the sites.

If Mr Heseltine wins, there will be rejoicing in the Vale whose 4,000 inhabitants have fought bitterly for seven years against the NCB plans.

There are, too, major national implications:

Refusal would provoke a clash between the Government and the National Union of Mineworkers, which is relying on Belvoir to provide employment for men from six existing Leicestershire pits due to close before the end of the decade.

This could intensify miners' militancy at a time when the Government is most anxious to avoid it — before the autumn pay bargaining regarded as a crucial national pace setter.

The refusal would severely dislocate the NCB's long-term expansion plans, drawn up in the mid-1970s but only now beginning to bear fruit.

The first stage of this plan involved developing Selby in North Yorkshire, due to come on stream early in 1983.

Belvoir is supposed to be next. With reserves of more than 500m tonnes, it would be producing 7.2m tonnes by the mid-1990s and have a life of about 70 years.

After Belvoir, various other deposits around the country might be developed, including some in eastern Yorkshire, southern Warwickshire and North Oxfordshire.

Mr Heseltine's paper could pose a threat to these developments as well. He says he is concerned that the NCB's increasing role in meeting the UK's entry needs appears "bound to involve the development of new coalfields in a steady succession of rural areas, some of which may be regarded as even more environmentally sensitive than the Vale of Belvoir."

Approval of the Vale pits "would inevitably be seen as an endorsement of this strategy by the Government," he adds.

The crucial issue facing the Cabinet is just how necessary Belvoir coal really is—an argument pursued exhaustively but inconclusively at the public inquiry.

Mr. Mann says that unless new coalfields are developed, the UK's deep-mined capacity is likely to fall from 120m tonnes in 1974 to 108m tonnes in 1990 and about 91m tonnes in the year 2000. Belvoir would increase these figures to 113m tonnes in 1990 and 98m tonnes in 2000.

In other words, even with the new pits the UK's production at the turn of the century would be less than the 110m tonnes produced now—and way below the NCB's expansion target.

Just how much coal will be needed then depends on complicated factors such as relative fuel prices, national growth rates, conservation and the acceptability of nuclear power.

The effects of the current recession on the NCB demonstrate how difficult it is to plan only a few years ahead—let alone 15 years, the lead time for a new pit.

Demand has dropped dramatically in the past year at a time of rising NCB production, leaving the country with a 40m tonne stockpile which is still mounting — thanks to the Government's February climbdown over pit closures.

Benefit

The inspector's cautious conclusion is that "it is somewhat more likely than not that there will be a need for a supplement to indigenous deep-mined capacity at about the time (1995) the new coal field could become fully operational."

He added: "Such need as there may be for more indigenous deep-mined capacity in the 1990s can be met only by the exploitation of this coalfield."

In simpler language, Mr Mann gives the project the benefit of the very considerable doubt that must surround any energy forecasts so far ahead.

Mr Heseltine, however, is not convinced. His answer is that the NCB should submit a new application in a few years' time if necessary. He sees no harm in such a delay, which would give time for the NCB to solve the spoil tip question.

End of year 'will see a rise in home prices'

By Michael Cassell

HOUSE PRICES will start to rise towards the end of 1981, says the Leicester Building Society.

Mr Christopher Hardwick, the society's chief valuer, said yesterday that although prices were still apparently stagnating, he expected to see them moving ahead shortly. Incomes had continued to increase so houses were again relatively cheap.

He added: "It is evident that more first time buyers are both willing and able to purchase now than was the case six months ago." With increasing demand, it seemed certain prices would start to rise.

Another factor affecting house prices was availability. There had been an improvement in output early in 1981 but there was no possibility this would compensate for the poor performance of 1980.

The society accepts that further weakening of the pound could affect interest rates, which in turn could hit mortgage demand and delay price increases until 1982.

It also announced it had joined the ranks of societies prepared to make valuer's reports available to borrowers.

Office rents in City increase by steady 8%

By Michael Cassell

OFFICE RENTS in the City of London are continuing to rise steadily, according to the Royal Institution of Chartered Surveyors.

The institution says that, during the quarter ending in June, average rents in the City rose by 8 per cent, slightly ahead of the rate of increase recorded in the previous three months.

The annual rate of increase has now been in single figures since March, 1980. Rents continue to decline when expressed in real, inflation-adjusted terms.

The institution says the cost of air-conditioned office space in the City ranges between £15 and £24 a sq ft, although higher rents can be achieved for small units.

One reason for the pattern of stagnating rents is an oversupply of City floorspace, which some agents say is as much as 1m sq ft and which could rise further as several large developments become available.

But the oversupply is generally expected to be temporary. Most forecasts suggest that the City office market will return to a balance during 1982.

The private architects elect their champion

By Colin Amery

Mr. Owen Luder today becomes president of RIBA. Colin Amery provides a profile of his plans for office.

BRITAIN'S beleaguered architectural profession today gains a new leader when Mr Owen Luder takes office as president of the Royal Institute of British Architects.

For the first time in nearly 60 years there was a contested election. Mr Luder defeated the RIBA council-nominated senior vice president. Mr Andrew Derbyshire, who had expected automatic elevation. Mr Jake Brown, chairman of the salaried Architects Group, also stood but Mr Luder won handsomely as the champion of the private architects.

He had campaigned on the need for the president to close the gap between architects and the public. He argues that positive promotion is a better antidote to the recession than "grizzling about the cuts."

The value of new commissions fell last year by 28.5 per cent and the number of architects in private practice by 1.5 per cent. Morale is low and not helped by the fact that as workload for architects diminishes the numbers of newly trained architects is increasing.

Since 1965 the profession has become 25 per cent larger but the annual workload has fallen by 64 per cent from £7bn to £3.5bn at constant prices. Mr Luder says that while by 1984 the membership of the RIBA will reach 30,000, "there is not room for 30,000 architects to practice in the traditional way."

His answer to overcrowding is to encourage architects to diversify. Recent changes in Riba's code of practice make this feasible. It is now possible for architects to take part in

Mr Owen Luder

building, contracting and property development and to form limited liability companies subject to agreement from the institute.

Protracted discusions about architects' fees continue within Riba and the Office of Fair Trading, but Mr Luder feels the mandatory scale of fees should be replaced by something more flexible. Without committing himself to the idea of openly competitive tendering, he says that a more negotiable form of fee scale is needed to deal with large scale building works, particularly for architects working overseas.

It is the field of business that Mr Luder wants to see opened up for architects. "Solicitors and accountants have moved into commerce and industry very successfully and increased their influence. Architects must do the same."

Architects should not, in the move to spread their influence, forget that they have special skills in creative design. Mr Luder is anxious not to end up with a profession that is little more than a highly qualified group of technicians. He feels that although architecture is an individual creative operation, the modern building industry makes it essential for architects to form groups or partnerships.

Traditional partnerships are in the president's view too inflexible for modern practice and he would like to see the growth of co-operatives and more business-like company structures. There should be more scope for profit and equity sharing in architects' offices

Mr Luder's own practice, the Owen Luder Partnership, is best known for commercial development projects in the London suburbs and in towns outside London. His architecture has been controversial. One of his buildings, the Tricorn Shopping Centre in Portsmouth, won the Civic Trust Award but was also voted Britain's ugliest building.

The new president's message to clients and Government is that "We cannot afford to build too cheaply nor too quickly. It is far too expensive in the long run. Building is a long term investment."

BL supplier to axe 950 jobs in works closure

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

RUBERY OWEN is to close its motor components factory at Darlaston, West Midlands, with the loss of 950 jobs. The announcement could signal another round of job cuts as suppliers again respond to the prolonged recession in the vehicles sector.

Workers at Darleston, which sends 70 per cent of its wheels, chassis frames and other metal components to BL, have been on short time for several months. Mr David Owen, chairman, said: "We can seeno early end to the recession and we expect the decline of the vehicle industry to continu."

The company blamed the closure on the 50 per cent-plus drop in demand fo rtruck components and a decision by "a major customer" to order car wheels from only one course.

The customer is thought to be BL, which traditionally has placed the bulk of its orders for car wheels with Dunlop and Rubery Owen.

Closure of the Darlaston site, scheduled for the end of September, will cut the £100m-a-year turnover of the Rubery Owen group by nearly a fifth. The company is one of the biggest privately-owned engineering enterprises in the UK.

Mr. Owen stressed that the closure was essential to the "profitable survival" of the group's other activities and the jobs of 3,500 other employees.

He said the group has slimmed down to the point where the remaining companies could be expected to return to profit quickly on only a slight upturn in business activity. Some companies already were trading profitably.

Losses in the year to the end of September, 1981, are likely to be substantial, largely because of Darlaston, but the group would return to profit the following year, he said.

Closure of the Darlaston factory will be another blow to an area which has suffered a series of shutdowns by companies dependent upon the motor industry over the past 12 months.

Rubery Owen has been impartant to Darlaston since 1890, with employment at the factory growing in line with the development of first the cycle and then the motor vehicle industry. A decade ago around 5,000 workers were employed at Darlaston, but the rundown has been rapid in recent years with the decline of UK vehicle assembly.

Closure of Darlaston will be expensive but much of the cost is likely to be covered through the realisation of assets. For example, the group is likely to receive about £3m from disposing of its 30 per cent interest in two South African companies manufacturing components for the automotive industry.

Paid holidays for office workers increasing, despite staff cuts

BY GARETH GRIFFITHS

THE AVERAGE working week for office staff in the UK is between 35 and 36 hours excluding lunch breaks, and the average annual paid holiday is 20.5 days a year, according to a survey of fringe benefits and conditions for office staff, published yesterday.

A national survey by the Alfred Marks Bureau of 331 companies employing 70,000 office staff, found that increased paid holidays are the most usual form of improved fringe benefits. The drive towards greater flexibility in working time appears to have ended.

The survey found that about 85 per cent of companies gave their employees 20 days holiday a year or more and that holidays were increasing in spite of staff cuts due to the recession. Fourteen per cent more companies than last year were allowing discretionary days off. But only a fifth of companies were allowing flexible working hours.

The survey concludes that most companies have made up their minds on the issue of flexible working hours which enjoyed a vogue in the early and mid-1970s.

The national average of paid days off is now 20.5—just over four weeks—which is the same as last year but more than three days more than in 1975.

According to the survey an increasing number of companies is now closing from Christmas Eve to January 1 and consolidating the extra leave at this time into standard holiday entitlements.

The survey argues that the cost of fringe benefits is often underestimated by employers and employees. However even a good package of fringe benefits will not keep staff if working conditions are poor or boring.

Benefits for office staff can add between a third and a half to the cost of wages. The most popular fringe benefits are meal facilities provided by 92 per cent of the companies surveyed, season ticket loans, Christmas gifts, profit sharing and share option schemes. A third of companies gave no incentive payment or bonus.

Office staff are doing less well on time off for training and education. The number of companies allowing day release has fallen in 1981 by 14 per cent compared with 1980 and 8 per cent fewer employers are subsidising the cost of courses.

There is also a decline in the custom of giving long service awards such as gold watches or clocks. But two thirds of companies still give such awards and nearly half have early retirement schemes. Office staff in the private sector are still less likely than employees in the public sector to be covered by additional pension schemes.

Fringe Benefits for Office Staff published by Alfred Marks Statistical Services Division, 60 pages, cost £40.

Difficult birth for Chevaline, the £1bn son of Polaris

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NAVY tacitly admitted yesterday that it is having commissioning problems with Chevaline, the £1bn update of Britain's Polaris strategic nuclear deterrent.

Chevaline — currently undergoing service acceptance trials in HMS Resolution, first of the four Polaris boats to be re-equipped with the new weapon system — has failed to meet the exceptional standards of reliability required of any nuclear system.

The system, Britain's answer to Soviet anti-ballistic missile defences, was authorised by the Labour Government in the mid-1970s. At that time when it was thought politically unacceptable to adopt the American multiple independently targetable re-entry vehicle (MIRV) system, such as Trident — the £5bn Polaris replacement Britain is now buying — is armed with.

Chevaline involves a major and complex development of the front end of the Polaris missile, and changes to its fire control system.

Each missile will launch several nuclear warheads, each independently manoeuvrable in space, together with "penetration aids" or decoys to confuse enemy defences.

Chevaline is intended to extend service of the Polaris deterrent into the 1990s when it will be joined with the Trident system, armed with MIRVs.

The Ministry of Defence said yesterday that the development and testing programme for Chevaline was close to completion. "Like every other technically-advanced development programme, the project has had both successes and disappointments."

It said that the broad cost estimate given to Parliament in January 1980—an "overall estimated cost" of £1bn to develop the system and equip the four submarines—"remains valid."

Midland appoints branches head

BY WILLIAM HALL, BANKING CORRESPONDENT

IN A MAJOR reshuffle of its senior management team, Midland Bank has promoted Mr John Greenwell to the new post of chief executive (branch banking).

Mr Greenwell will lead the bank's expansion in the personal sector and help push through radical changes taking place in the bank's branch network.

Mr Greenwell's appointment, which takes effect from today, is part of a major reorganisation of the bank's senior management team, coinciding with the retirement of Mr Malcolm Wilcox, one of the group's two chief general managers.

Mr Stuart Graham, the other chief general manager, takes over as group chief executive from today. He will be assisted by two new deputy group chief executives—Mr Geoff Taylor and Mr John Brooks.

Mr Graham is close to retirement age and is expected to step down next year, but the remaining members of the new management team have been chosen to play a key role in shaping the bank's destiny for much of the coming decade.

The two new deputy group chief executives are both within a few months of their 54th birthday. Mr Taylor will be responsible for the group's corporate finance division, the international division and related services.

He will be assisted by Mr Denis Kitching, 57, the new chief executive (corporate finance), and Mr John Harris, 47, the new chief executive (international).

Midland plans to improve its corporate finance operations under Mr Kitching and he will head both the UK and international corporate finance function.

Midland believes that by bringing its domestic and international corporate finance capability together it will be able to give a sharper and wider world service.

The international operations, under Mr Harris, will be responsible for Midland's large correspondent banking relationships and government-related lending among other things.

Midland has been slow to expand internationally and hopes to accelerate its progress through the planned $829m acquisition of a 57 per cent stake in Crocker National, the 12th largest U.S. bank.

Mr Brooks, the other deputy group chief executive, is responsible for the domestic clearing bank and central services. He will be supported by Mr Greenwell, 54.

Mr Brooks and Mr Greenwell have one of the more challenging tasks of the new management team in that they have to make a success of the bank's new domestic branch banking strategy.

Midland is in the process of grouping its local branches under area offices which undertake specialist lending and technical services on behalf of the branches.

The area offices are managed by teams of bankers who service corporate accounts and do routine branch operations work, leaving the branches to concentrate on improved personal service.

Whiteleys to close this autumn

By David Churchill, Consumer Affairs Correspondent

WHITELEYS department store in London's Queensway, one of the oldest and most famous in Britain, will close in the autumn, the UDS Group announced yesterday.

The store has been losing money for some time. UDS believes that "Queensway has become unviable as a shopping location for department store trading."

The company blames a number of factors including fewer tourists visiting London, more suburban shopping centres, and the high cost of travel to London.

Another problem has been the number of small traders in the area opening longer hours to serve the transient population.

Earlier this year, Whiteleys tried to compete with these changes by opening for trade on a Sunday like the smaller traders nearby.

However, the move was blocked by Westminster City Council which felt unable to ignore such a flagrant flouting of the laws prohibiting Sunday trading.

UDS said yesterday that despite attempts to boost trade, "sales have failed to reach satisfactory levels and there is no prospect that the continuing trading losses can be eliminated."

UDS hopes that some of the 350 staff will be able to find jobs within other retail stores owned by the group. Talks are due to start shortly with Westminster council on the future of the building "in view of its importance to the area and its status as a listed building."

● Leak and Thorp, York's leading department store, announced yesterday, it would close for three months from August to November, for a major facelift and would issue redundancy notices to 80 of the 110 staff.

The store, formerly a family business in York's "Golden Mile" Coney Street, which was taken over by Joplings of Sunderland, earlier this year.

At the time of the take-over, Joplings said that all the jobs would be safeguarded.

Yesterday, Mr Frank Clarke, the chief executive of York, said that the slimmed down store would still trade, mainly on the upper floors. Plans include a new restaurant.

Redundancy notices would take effect from October 3, but he added: "It is hoped that before that date a considerable number of the notices can be rescinded once we have completed the final planning."

Prestel to aim for international market

BY JASON CRISP

PRESTEL, British Telecom's viewdata service which connects an adapted television set to a computer database via the telephone line, is to be marketed internationally.

Following a 14-month trial, Prestel is to be offered in the U.S., Australia, Hong Kong, the Netherlands, Sweden, Switzerland and West Germany. In Australia the service is to be marketed by Mr Kerry Packer's company Publishing and Broadcasting.

A Prestel computer, made by GEC, is to be installed in Boston in the U.S. later this year which will reduce the cost of the telephone call for U.S. users. Anyone using the system in Australia or Europe will still have to call one of the computers in Britain. There are no immediate plans to instal Prestel computers in any other country.

Prestel claims that the trial was successful with 400 users in 23 countries. The biggest demand for publicly available pages was for information on commodity prices and a shipping information service provided by Lloyd's of London Press.

The biggest use was for "private closed-user groups" by companies who have private pages of information which no one else can have access to.

One of the reasons for the go-ahead of an international service was because of the recent European agreement on a viewdata standard. Prestel says it is still talking to American Telephone and Telegraph (AT and T) which has recently opted for the rival viewdata system developed by Canada.

Logica, the computer consultancy, has been subcontracted by British Telecom to organise the marketing of Prestel around the world. Nearly 30 people are expected to be involved including seven in the U.S. working for British Videotex and Teletext (BVT).

Lisa Wood writes: Job seekers will soon be able to have their qualifications flashed on potential employers' television screens under a privately operated scheme announced yesterday.

Job Tel utilises the Prestel viewdata service. Employers, provided they have a set that can obtain Prestel, will be able to review the qualifications of a number of job-seekers or telephone for a print-out of the categories of employees they require.

Applicants, who will be charged £15 for the service, will display a telephone number for immediate contact or a box number.

Job Tel has been started by Mr Frank Alman, who also set up Computercar and Tele-Data Services. He said yesterday that the scheme was a case of "private enterprise doing its bit to help the public obligation to the unemployed."

It is hoped however that the Department of Employment, through the Manpower Services Commission, will agree to a measure of support such as allowing Job Tel to display its literature in Job Centres.

Impressionist and modern works fetch £403,000

SALEROOM

BY ANTONY THORNCROFT

AFTER A RATHER lack-lustre sale of Impressionist and Modern paintings on Monday night, Christie's did much better with water-colours and drawings of the same period yesterday which realised a total of £403,580 with just 11 per cent bought in. Four works by Paul Klee made the highest prices. "Populare Wandmalerei," dated 1922, sold for £42,000 to the Contemporary Art Establishment, Zurich, and "Nachgluhende Landschaft" realised £33,000. Two other works sold to South African and American dealers for £28,000 and £26,000.

The main disappointments on Monday night were a Picasso, "Tête de Femme" bought in at £190,000 (which was within the estimate) and a Dali, "Ossification matinale d'un Cypres" bought in at £180,000. Top prices were the £170,000 for "Le Vallon" by Braque and £160,000 for an unusually attractive nude by Munch.

At Christie's yesterday there was also an auction of English drawings and water-colours in which five works by Turner made the top prices. "The field of Waterloo from Hougoumont" realised £50,000: it had sold four times previously at Christie's in the 19th century, its value falling from 170 guineas to 75 guineas. Leger paid £40,000 for "View over Plymouth Harbour" (sold for 150 guineas in 1912): Spink £30,000 for "Conway Castle;" Feigen of New York bought "View along an Alpine Valley" for £30,000; and Agnews paid £9,500 for "The straw yard."

It was an important day for Phillips which recorded its biggest ever total for a single auction—£513,630 for just 180 lots of jewels. Graff Diamonds paid £34,000 for an Edwardian sapphire and diamond pendant and £24,000 for a diamond solitaire ring.

Destroyed goods 'not covered by policy'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HAULAGE contractor's insurance policy did not cover goods that were misdelivered and then destroyed, a High Court judge ruled yesterday.

Mr Justice Lloyd dismissed a claim by the Sayer Transport Group for a declaration that the loss of the goods was covered by a road hauliers goods in transit policy issued by National Transit Insurance Company.

The judge said that 21 cartons of computer parts were to have been delivered to a company in Aldershot and a 22nd, containing rejected parts for destruction, to another company in Mitcham.

Unfortunately, all 22 were delivered to Mitcham, where they were destroyed.

The consignors claimed damages from the Mitcham company, which brought in Sayer as third party. Sayer, which denied liability, wished to be indemnified by its insurers against any judgment which might be made against it.

Sayer's policy did not cover it against misdelivery, and the company relied on a clause indemnifying it against liability for loss, destruction or damage to goods "during storae in course of transit."

The question for the court was whether, at the time the goods were destroyed, they were "in course of transit."

Sayer argued that transit was not completed until the goods reached their correct consignee. As they had never done so, the transit continued.

The judge rejected the argument as too wide. It would mean that whenever goods were misdelivered they could be said to be indefinitely in transit.

Transit ended when the goods were delivered to Mitcham, the judge ruled.

He also rejected Sayer's argument that the goods were in storage at Mitcham. Storage could not cover temporary stops between consignment and completion of the transit, he said.

Retail groups open to alternative in-store credit card schemes

Alan Friedman on the effect of Barclays quitting the trade

TWO DOZEN UK retail groups and the Co-operative Bank were surprised a few days ago when Barclays Bank gave notice that it would withdraw from its in-store credit card business. Barclays admitted that its in-store programme had "never been profitable" and tried to reassure retailers that they would not be left in the lurch.

An "in-store" card programme is a service provided to retail chains which enables the stores to offer their customers special credit cards bearing the group's name.

Only the Co-op, which was least dependent on Barclays, is planning to develop its own system. It has 145,000 cardholders between its "Handycard" and "Handyloan" products and is already installing computers so that it can take over from Barclays all the functions of running an in-house card business.

At Habitat, which has around 20,000 cards in issue, the reaction to the Barclays withdrawal has been stronger. Mr Ian Peacock, group financial director, yesterday described the Barclays withdrawal as "grossly irresponsible."

"They persuaded retailers to come in with them three years ago and then they dropped the programme very quickly," he said.

Mr Peacock says he has written to Barclays and is asking that the bank reimburse Habitat for any costs incurred in transferring its in-store business to another group.

Other retailers were less concerned.

Burberry, which has issued only 171 cards in 18 months of operations, describes the Barclays withdrawal as "unimportant."

Between Burberry and Scotch House, another Barclays subscriber, the total turnover attributable to the in-store cards over the last 18 months has been just £55,000.

Scotch House has 73 cards in issue. Both groups explained yesterday: "In our class of trade people can use Barclaycard, Access, American Express or Diners' Club instead."

Major plastic cards do provide most of the same services which the in-store cards offer, but the difference appears to lie in the degree of speciality promotion. An in-store card gives the customer a greater sense of belonging, argues Mr Michael Bliss, joint managing director of Welbeck Finance, a private in-store card company.

Welbeck was formed early last year from what used to be the wholly-owned card subsidiary of Debenhams. Mr Bliss claims that, between 1975 and 1980, his organisation helped to increase credit sales at Debenhams from £27m to £100m.

"We did it by aggressively promoting the card and by integrating the credit business with our merchandise selling operation," he explains.

According to Mr Bliss, there are now 700,000 Debenham cards is issue, making it one of the largest in-store programmes in Britain.

As soon as he heard that Barclays was pulling out of the business, Mr Bliss began contacting their accounts.

Cecil Gee, the men's fashion chain, has agreed to shift to Welbeck. Others may follow shortly.

Besides Welbeck, other UK in-store businesses are run by Lloyd's Bank, National Westminster and Midland. Citibank Savings, the UK subsidiary of Citicorp, also operates programmes for Marks and Spencer and UDS.

Mr Bill Frizell, chairman of Citibank Savings, says it is premature to speculate on the implications of the Barclays withdrawal. But some observers believe that Citibank is unlikely to expand significantly in this field.

At Natwest, Mr Peter Tridgell, director of planning, described his plans yesterday: "We are certainly still in the market. We believe the business is profitable and we are willing to look at any others Barclays has turned aside."

Natwest already runs eight in-store programmes including Boots (15,000 cards) and Asda. Turnover last year among these eight chains was around £5m.

The total impact of Barclays' withdrawal is not likely to be felt immediately. The bank plans to phase out its services over several months and does not wish to harm any of its clients by precipitate action.

Nevertheless, the market is now open and few retailers in the Barclays stable are likely to linger on this question. If Barclays is unconvinced of the profitability and usefulness of the in-store card business, there are plenty of others who disagree.

BAe group wins £20m defence contract

By Michael Donne, Aerospace Correspondent

British Aerospace has signed a contract with the Ministry of Defence for production of the Sea Skua helicopter-borne anti-ship missile.

The deal is believed to be worth more than £20m, part of an overall research, development and production programme for the missile amounting to about £200m.

The Sea Skua, which has been under development for some time, enters service with the Royal Navy's Lynx helicopters later this year. Preliminary firing trials were successfully carried out earlier this year.

The contract will protect employment at the Dynamics Group's factories at Stevenage, Hertfordshire, and at Bristol, and for the many electronics and other suppliers to the programme.

Among the major sub-contractors involved in the programme is Ferranti, whose Seaspray radar, mounted in the Lynx helicopters, provides acquisition and illumination of the target.

British Aerospace said yesterday there is considerable overseas interest in the Sea Skua missile.

Thames loses libel fight

INDUSTRIALIST Mr Chaim Schreiber, head of the Schreiber Furniture and Hotpoint organisations, was awarded £5,000 libel damages against Thames Television yesterday over allegations of "price fixing" in a "TV Eye" programme.

Hotpoint, joint plaintiff in the High Court libel action in London, was awarded £500 damages. Mr Schreiber had told Mr Justice Comyn and a jury that he was opposed to restrictions in price fixing but he denied he had ever acted outside them. Costs were awarded against Thames.

Exports boom —in tourists

THE NUMBER of overseas visitors to Britain fell by 10 per cent in the first four months of 1981 compared with the same period a year earlier.

Department of Industry figures show that the 2.79m overseas visitors also spent 14 per cent less — a total of £625m. Meanwhile, UK residents are going abroad more often — there were 4.2m visits overseas in April, an increase of 10 per cent on the same month last year, resulting in a £60m deficit on the travel account.

UK launch for Suzuki Alto

A COMPACT Japanese family car makes its debut in Britain today. The four-door Suzuki Alto is priced at £2,675 inclusive of VAT and special car tax. Fuel consumption is claimed to be 42.2 miles per gallon in town and 53 mpg at 56 mph.

The four-wheel-drive Alto, launched in Britain by Suzuki GB, is already on sale in Japan, Australia and other European countries.

Planners quick off the mark

PLANNING applications are being processed faster, the Environment Department said yesterday. More than a fifth of all councils in England decided on 95 per cent of applications within 13 weeks in the last three months of 1980.

Applications during that period were 13 per cent down, at 114,000—compared with the same quarter in 1979.

Hignett to head Takeover Panel

MR JOHN HIGNETT, head of the corporate finance division of Lazard Brothers, the merchant bank, has been appointed the director-general of the Takeover Panel. He succeeds Mr Graham Walsh who returns today to head Morgan Grenfell's corporate finance division.

'Early warning' for builders

A SPECIAL register is being introduced by the Welsh Development Agency showing all the latest building contracts awarded.

The register is aimed at helping smaller outfits in the building industry compete for potential orders for goods and services from main contractors.

Accountants spread South

THOMSON McLINTOCK, the tenth-largest UK accounting firm, is to "merge" with the four-man Bournemouth practice, Brett Bowman. The firms will practise in the name of Thomson McLintock from July 1. Further expansion on the South coast is expected.

You have only one life to insure. How should you choose the right company to insure it?

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UK NEWS—LABOUR

Weighell outlines plan for Labour incomes policy

BY PHILIP BASSETT, LABOUR STAFF

PROPOSALS FOR an incomes policy under a future Labour government were outlined yesterday by Mr Sid Weighell, general secretary of the National Union of Railwaymen and a leading member of the TUC general council.

The details follow discussion of the question by the TUC Labour Party liaison committee, although the wide differences between individual trade unions are shown by the clear rejection last week of an incomes policy by the TUC's largest union, the Transport and General Workers.

However, Mr Weighell said at his union's annual conference at St Andrews that the rest of the Labour movement appears to be moving in the NUR's direction.

He said a planned approach to incomes was central to the alternative economic strategy proposed by the Labour Party and the trade unions. The NUR conference approved a motion supporting an incomes policy as part of such a strategy.

Mr Weighell said a future incomes policy would include:

● Prevention of private sector attempts to circumvent the pay policy.

● Special provision for the low-paid, including a statutory minimum wage.

● Rigid controls on prices, including the resurrection of the Price Commission, with real powers of enforcement.

● Regulation of private sector profits, which would be expected to rise under the expansionist programme of the TUC and the Labour Party.

Mr Weighell said: "I believe that the reason that the last Labour Government could not successfully implement an incomes policy as part of an agreed socialist strategy was that certain sections of the Labour movement have a blind spot when it comes to incomes policy. As it was, the policy received only grudging support from the trade union movement and in the end was defeated."

He stressed that real incomes would grow as a result of increased productivity in the economy as a whole.

However, while the present Government continues with its "back door" incomes policy in the public sector, there was no possibility of reaching an agreement with it on an incomes policy, Mr Weighell added.

Employers warned not to break union deals

By John Lloyd, Labour Correspondent

THE PRESIDENT of the 2.5m-strong Confederation of Shipbuilding and Engineering Unions has warned employers not to take advantage of the unions when they are down.

In his address to the confederation's annual conference in Ayrshire yesterday, Mr Roy Grantham, general secretary of the white-collar union Apex, said some employers are seeking to break agreements and weaken the trade union movement.

"Workers who see attacks upon their leaders, attacks upon their rights or attacks upon their standards made by employers who think they can get away with it, can be expected to make repayment in kind when the boot is on the other foot," he said.

Mr Grantham, a leading trade union Right-winger, also rebuked the Labour Party for failing to provide a credible opposition.

"We are beset at the moment with the problems that arise when factions forget that this great party cannot be run by a small minority," he said.

In a pessimistic survey of the economy in general and the engineering industry in particular, Mr Grantham alleged that:

● There was "a concerted effort by the Conservative Party to humble the trade unions."

● Further industrial relations legislation would "lead us back to the infamous and discredited Industrial Relations Act of 1971."

● Cuts in Industry Training Boards and training programmes would mean that, "at the end of the slump we shall be worse off than we were at the beginning in terms of our creative ability to compete in the future."

● Children who could not now find work would be "scarred for years to come by the rejection of them by society."

● Foreign imports "will dominate our market place as British makes decline both at home and abroad."

He said governments in all advanced industrial countries have committed themselves to state aid for a range of high technical projects—with the exception of the UK.

Strikes 'may hit rail cash hope'

BY PHILIP BASSETT, LABOUR STAFF

SIR PETER PARKER, chairman of British Rail, warned yesterday that strikes were the quickest way to convince customers and the Government that railway services were not indispensable.

The train drivers' union ASLEF has been pressing for a national strike over the level of Government investment in the industry, though the more moderate National Union of Railwaymen has been more cautious.

Sir Peter, in a keynote speech to the annual conference of NUR in St. Andrews, said: "The temptation to allow frustrations to boil over into some ill-considered disruptive action may frequently be present—but I expect the responsible approach which has been the hallmark of the NUR in all the time I have been chairman, will endure.

"Depriving the public of their rail services through strikes is the quickest way to convince the customer and the politicians that maybe some of those services are not indispensable."

He also stated his determination to meet BR's productivity targets which the Government expected before helping to fund further electrification of the railway network.

He said: "We cannot flinch from the manpower productivity targets which are set out in the timescale of the BR corporate plan," calling for a reduction of 38,000 posts by 1985.

He explained he did not accept the "crude equation" that the price of electrification was 38,000 jobs. This was based on present conditions of service.

However, if those conditions were changed—by eliminating systematic overtime, making Sundays part of the working week and moving to Continental rostering of train crews—new railway jobs could be created. It is thought these could help to offset a reduction in posts demanded by the plan.

● The NUR said yesterday it was prepared to defend with industrial action, if necessary, its closed shop in BR. No immediate moves against the closed shop on the railways seem likely.

But NUR, like other unions, is examining reports from employers' organisations suggesting a toughening of the Government's hitherto careful action against union membership agreements.

Philip Bassett looks at a confidential research document

Pay often fixed by performance

PERFORMANCE - RELATED pay—one of the Government's proposals to allow market forces to determine Civil Service pay—is shown to be widely practised outside the Civil Service in a confidential report from the Pay Research Unit.

The Megaw inquiry into Civil Service pay, set up by the Government this week, will examine the unit's unpublished report as part of its scrutiny of the Government's pay proposals.

Relating pay more closely to performance is seen by Ministers as a means of improving the Civil Service's efficiency and productivity and making it respond more closely to prevailing economic conditions.

Last week's Pay Research Unit report recommended a wider audience for its report on performance-linked pay. It concludes that "a majority of organisations believe that the advantages of operating such systems outweigh their administrative complications."

It states that while such systems do not save expenditure on pay and entail "significant administrative costs." these could be offset "by savings resulting from better motivated staff carrying out their duty more efficiently."

Analysis of the surveys shows that most organisations involved were convinced that the use of performance-related pay systems "motivate their staff and produce higher performance than would otherwise be achieved."

The report notes that in the private sector there is a greater proportion of jobs (for example in manufacture) where performance can be more directly related to output or to the organisation's earnings. Scope for assessing staff performance is much more limited in the public sector.

About 91 per cent of private sector organisations today operate performance-related pay systems at some levels. But the figure for the public sector is much lower at 61 per cent.

Civil Service unions are opposed to the idea of performance-related pay, confirming the note in the report which suggests that in general, unions do not welcome differentiated payments.

THE executive of the Civil and Public Services Association decided yesterday to table a motion at the TUC Congress for a co-ordinated campaign over pay by the public sector union.

Meanwhile the Civil Service unions policy committee is to recommend to a full meeting of the Council of Civil Service Unions tomorrow that that industrial action should continue.

The unions report a big increase in strike funds—up from the average £300,000 a week to £½m in the week prior to the special levy. The unions say this is enough at least to maintain the present selective stoppages.

The policy committee will meet on Thursday to decide recommendations on specific action.

The council has written to Mr Francis Pym, Paymaster General, seeking a meeting to press the unions' case for making payments to pensioners manually rather than by computer.

Managers back reform on union immunities

BY OUR LABOUR EDITOR

THE British Institute of Management told the Government yesterday to press ahead with a new framework of labour law, but said the timing of legislation was a matter of political judgment.

Replying to the Green Paper on trade union immunities, the BIM supports most of the proposals made during the consultation period for narrowing those immunities.

It said the first priority should be to give procedure agreements legal backing, by allowing employers to sue workers if strikes are called before all the steps of agreed disputes procedures have been exhausted.

The second reform should be to make unions liable for the actions of their members. The BIM also proposes statutory reviews of closed shop agreements, compulsory secret ballots before any major industrial action and a redefinition of "trade disputes" to make so-called political strikes clearly unlawful.

The BIM lays emphasis on the need for parallel voluntary initiatives by employers to improve worker participation. A recent survey by the Institute claimed to show that most large member companies are pursuing that.

● Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, said yesterday that the Green Paper proposals were "unworkable, irrelevant and unnecessary."

Plant closure dispute could spread to mines

By Our Labour Correspondent

A DISPUTE at a Manchester mining equipment company now threatens to spread to the pits.

The executive of the National Union of Mineworkers at its meeting this Friday will discuss taking sympathetic action in support of 560 workers who are occupying Laurence Scott and Electromotors in Manchester to prevent its planned closure next month.

One possibility is an embargo on the company's main product, flame proof electric motors which are widely used in mining equipment.

Mr Joe Gormley, the president of the NUM, raised the issue at a meeting yesterday, with Sir Derek Ezra, chairman of the National Coal Board. Today, Sir Derek will consult the board's purchasing officer about the supply of electric motors.

Unemployed 'out of a job for longer'

BY PAULINE CLARK, LABOUR STAFF

ABOUT one million of the 3m people expected to be unemployed in Britain by next spring will have been out of a job for more than a year, according to the latest economic forecast by the Association of Scientific Technical and Managerial Staffs.

Mr. Clive Jenkins, general secretary, said yesterday that a new Labour government would create one million jobs during the first one or two years of its administration under the party's public investment policy but the longer term outlook was less encouraging.

Employment growth could soon slow and with the full impact of the technological revolution yet to come the pool of unemployed could rise to 5m.

Mr Jenkins was introducing the June issue of the union's Quarterly Economic Review which points to evidence over the past 18 months of mounting numbers registering as unemployed with little change in the number leaving the register. This meant that unemployed people were finding they were out of a job for increasing longer periods.

Overall, the union expects some 4m people to be unemployed by the end of this year—or one in five of the working population—when including short time working and "government measures which create non-jobs."

It claims that the probability of those who have been unemployed for more than 52 weeks still being out of work in six months is now more than 76 per cent.

The two main areas of concern, say the union researchers, are at the extreme ends of the age scale—up to 24 years of age and from aged 60 onwards.

The union predicts that earnings will be some 10 per cent higher this year than last, although it expects the Retail Price Index to be relatively static at between 11 per cent and 12 per cent for the rest of the year and for the first half of 1982.

CONTRACTS AND TENDERS

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

THIRD HIGHWAY PROJECT

The Government of the People's Democratic Republic of Yemen has applied for a loan from the International Development Association, the Kuwait Fund for Arab Economic Development, and the OPEC Development Fund for the construction of the first phase of the Naqabah/Beihan road. This project aims at improving the rural road network and raising socio-economic standards. It consists of the construction of 92 km of surfaced road connecting Al-Naqabah and Nisab, via Ataq and including a branch to As-Said. The implementing agency is the Planning Unit, Ministry of Construction.

The initial stage of the Project will include the procurement of construction equipment amounting to approximately US$ 11 million (expected to be partly financed from the proceeds of the OPEC Development Fund loan). The equipment list in general terms will consist of:

- QUARRY EQUIPMENT — 150 tph crushing, screening plant, crawler drill, air-compressors, air tools, ANFO mixer and loader, front-end loaders, trucks (12 t)
- BITUMEN SURFACING PLANT — aggregate spreaders, screening/precoating plant, bitumen distributor, bitumen storage tanker, bitumen decanter, road brooms
- EARTHMOVING PLANT — tracked tractors, tracked excavators, scrapers, graders, backhoe-loaders, front-end loaders
- COMPACTION PLANT — self-propelled and drawn vibrating rollers, self-propelled multi-tyred, pedestrian vibrating and flat plate compactors
- GENERAL TRANSPORT — fuel and water tankers, flat bed trucks, low loader and prime mover, utility vehicles, mobile cranes
- AUXILIARY PLANT — generating sets, concrete mixers, concrete vibrators, water pumps, mobile welders, field service units, field workshop trailers, steam or high pressure cleaners, mobile fuel storage tanks, lighting towers, water storage tanks, water treatment equipment, survey and soils testing equipment
- WORKSHOP — service tools and equipment associated with overhaul of heavy plant and light vehicles, equipment for welding and machine shops, hand tools and consumables for all areas, electrical equipment for power distribution and lighting
- CONSTRUCTION MATERIALS — bitumen, cement, reinforcing steel, form timber/ply, corrugated steel culverts, explosives, gabion mattresses/pillows, paints and thinners, traffic signs, drilling consumables
- PREFABRICATED BUILDINGS — single and family quarters, mess facilities, workshop and store
- MOBILE EQUIPMENT CONSUMABLES — lubricating oils, tyres and batteries.

It is anticipated that invitations to bid for the supply of the above equipment will be issued in July 1981. Potential bidders who wish to receive bidding documents on issue are invited to register their interest with:

The Director of Planning Unit
Ministry of Construction
PO Box 6017
KHORMAKSAR
THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
Telex No. 260 CAFOGA AD

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RESIDENTIAL PROPERTY

COMPANY NOTICES

PACIFIC BASIN FUND
10a, Boulevard Royal, Luxembourg

NOTICE TO SHAREHOLDERS

At 31st May, 1981, the net assets of the Fund amounted to US Dollars 43.302.672 and were represented by:

	US$	%
—Investment Portfolio, (Cost: US$34.453.4501) Market value.	41.747.832	96.41
—Cash in bank	1.120.806	2.59
—Accounts receivable	1.832.724	4.23
—Less accounts payable	(1 398,690)	(3.23)
Total net assets	43.302.672	100.00

The net asset value for each of the 1.807.223 shares outstanding was US Dollars 23.96, figure which is to be compared with an inception price of US Dollars 10 as at 9th February, 1979.

The investment portfolio was geographically distributed as follows:

Australia	17.26
Hong Kong	18.78
Japan	5.70
Malaysia	24.25
Philippines	0.95
Singapore	23.61
United Kingdom	5.18
United States of America	0.68
	96.41

Since the inception of the Fund on 9th February, 1979, its operations resulted in an increase in net assets amounting to US Dollars 34.804,878.

The above figures are unaudited.

The informations set forth above are historical and are not necessarily indicative of future results.

No subscription can be received on the basis of this notice.

Subscriptions are only valid if made on the basis of the Current Prospectus (dated May 1979) which will be accompanied by a copy of the latest available annual report and a copy of the latest availabe semi-annual report, if published after such annual report.

Copies of the prospectus, Annual Report at 31st December, 1980 and Semi-Annual Report at 30th June, 1980 of Pacific Basin Fund can be obtained at the offices of the sponsors:

—Banque de Paris et des Pays-Bas, 3, rue d'Antin, 75060 Paris, France.
—Euro-Kuwaiti Investment Company KSC, Al-Awadi Tower, Ahmed Al-Jaber St. Sharq, Kuwait.
—M & G Group Ltd., Three Quays, Tower Hill, London EC3, UK
—Joseph Sebag & Co. (Far East) Ltd., Hutchison House, 1001 Hong Kong.
—Watson & Co., 22nd Floor, South China Building, No. 1 Wyndham St., Hong Kong.
—Yamaichi International (Europe) Ltd., St. Alphage House, 2 Fore Street, London, EC2, UK.

PACIFIC BASIN MANAGEMENT COMPANY S.A.

Luxembourg,
19th June, 1981.

PAN HOLDING S.A., LUXEMBOURG

NOTICE IS HEREBY GIVEN that Pan Holding S.A. has declared a dividend of U.S.$4.50 per share of $50 for the year 1980 payable as from the 1 July 1981.

The dividend will be payable against coupon No. 46 from bearer shares of Pan Holding S.A., which may be presented to Midland Bank Limited Securities Department, International Division, Suffolk, 5 Laurence Pountney Hill, London EC4R 0EU for payment at the rate of exchange current on the day of payment.

Income tax at 30% will be deducted unless the coupons are accompanied by an Inland Revenue affidavit.

COMPAGNIE FRANCAISES DES PETROLES

PAYMENT OF DIVIDEND

The Annual General Meeting of Shareholders held on June 26th 1981 has set the 1980 dividend at FFr18.00 payable as from July 2nd 1981.

Residents of the United Kingdom will receive, in exchange for coupon No 59, an amount of FFr22.95.

Payment of the above amount will be settled upon presentation of the coupon and completion of form RF 4 GB according to the terms of the double tax convention between France and Great Britain. However, as concerns securities deposited in banks established in France or in the United Kingdom, this form can be deposited at any time up to December 31st of the year following collection of coupons.

The coupons should be lodged with Banque de Paris et des Pays-Bas, 33, Throgmorton Street, London EC2N 2BA where appropriate claim forms and further information can be obtained.

Payment in respect of coupons will be subject to deduction of U K income tax unless claims are accompanied by an affidavit. The exchange rate used will be that effective on the date of each payment.

SOLVAY & CIE S.A.

NOTICE OF DIVIDEND

The general meeting of 29th June, 1981 approved the distribution, for the financial year 1980 of a net dividend of BF200 per A & B Share and of BF80 per C Share, the latter being 40 per cent paid up.

The Final Dividend of BF130 net in respect of the A Shares will be payable by BF draft, by transfer to a BF Account or, in Sterling at Bankers sight buying rate for Belgian Francs on the day of presentation at the option of the holder, against presentation of Coupon No. 26 at either of the following offices:

J. Henry Schroder Wagg & Co. Limited,
120, Cheapside,
London EC2V 6DS;
Banque Belge Limited,
4, Bishopsgate,
London EC2

between the hours of 10 a.m. and 2 p.m. on or after Tuesday 7th July, 1981.

U.K. Tax will be deducted from the net dividend unless lodgements are accompanied by the necessary Affidavits.

Payment can be made only to persons residing outside the Belgo-Luxembourg Customs Union.

Shareholders should note that under the terms of the U.K.-Belgian Double Taxation Convention, Solvay Shareholders resident in the U.K. are eligible, upon submitting a duly completed form 276 Div. (G.B.) to partial reimbursement of Belgian Withholding Tax equal to 6.25% of the net dividend.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF SEFTON VARIABLE RATE REDEEMABLE STOCK, 1983

The Council of the Metropolitan Borough of Sefton announces that the half yearly payment of Interest due on 29th December, 1981 on the above stock will be at the rate of £13.75 (less income tax) per £100 stock.

LEGAL NOTICES

A. J. COLLINS & CO. LIMITED
A. J. COLLINS (REINSURANCE) LIMITED
GOLDING ADAM LIMITED
GOLDING ADAM (MARINE & AVIATION BROKERS) LIMITED
GOLDING COLLINS (REINSURANCE BROKERS) LIMITED
MANN RUTTER & COLLINS (LIFE & PENSIONS) LIMITED
MANN RUTTER & COLLINS (REINSURANCE) LIMITED
MORFITT & TURNBULL (SOUTH WEST) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Companies are required on or before 26 July 1981 to send their names and addresses, with particulars of their debts or claims, to the undersigned Robert Hugh Griffiths of 61 Queen Street, London EC4R 1DJ, the Liquidator of the Companies: and if so required by notice in writing from the said Liquidator either personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice and in default thereof, they will be excluded from the benefit of any distribution made before such debts are proven.

R. H. GRIFFITHS,
Liquidator.

26 June 1981.

NOTE. This notice is purely formal and all known Creditors have been or will be paid in full.

COBURN CHEMICALS LIMITED

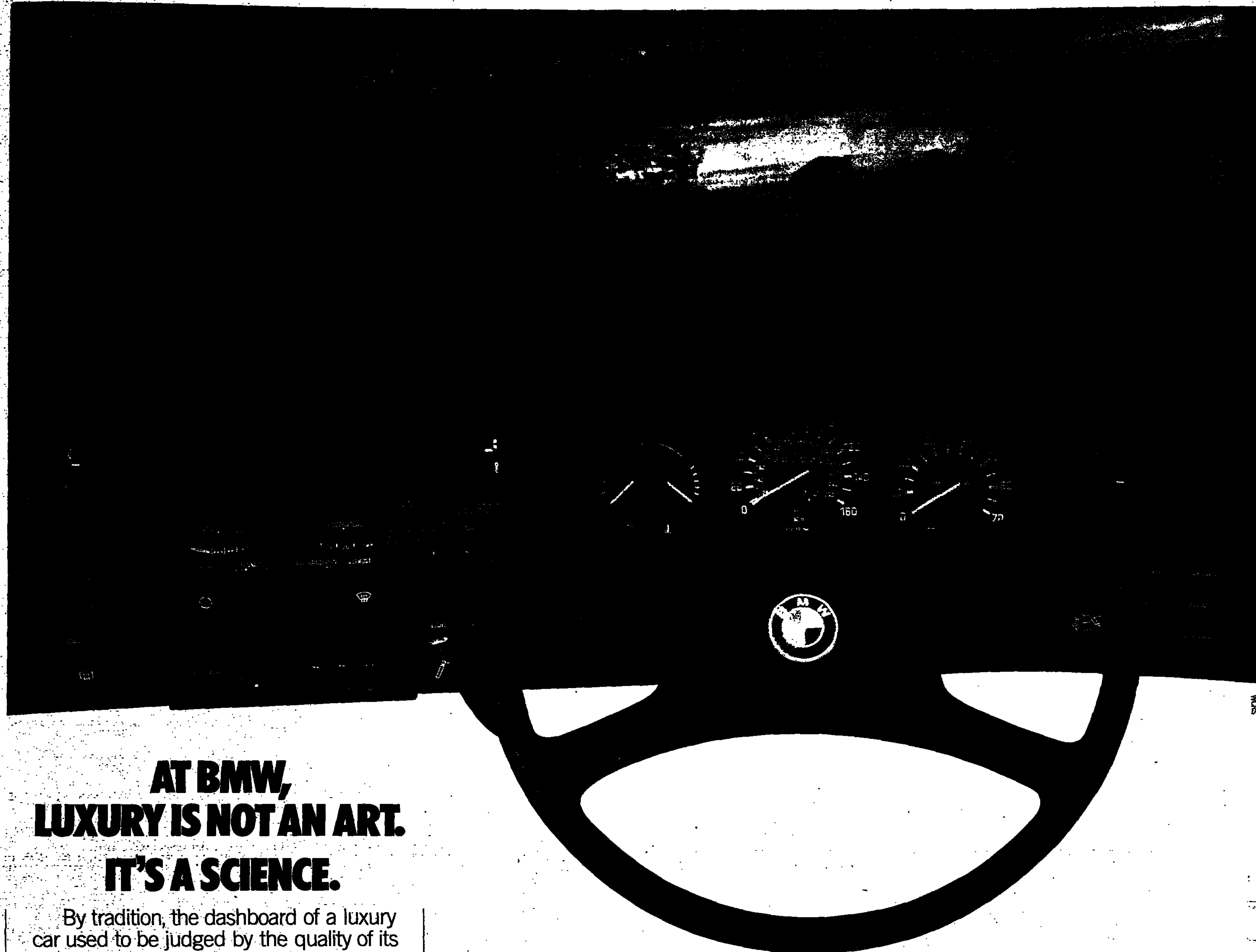
NOTICE IS HEREBY GIVEN that a Meeting of the Creditors of the above-named Company will be held at 44 Baker Street, London W1, on the 2nd day of July 1981 at 2.45 o'clock in the afternoon, for the purposes mentioned in Sections 293, 294 and 295 of the Companies Act 1948.

Dated this 16th day of June 1981

M. A. TAN, Director

Witness: CLIVE JOCELYN ROWE
Solicitor.

TRAVEL



AT BMW, LUXURY IS NOT AN ART. IT'S A SCIENCE.

By tradition, the dashboard of a luxury car used to be judged by the quality of its carpentry.

It's a tradition that we've never followed at BMW.

Not because of any bleak puritanism: indeed, we offer you as many creature comforts that anyone could sanely demand in an automobile.

We do, however, hold the view that the area of the car where man meets machine, the cockpit, is far too important just to be shaped by aesthetics.

Which is why, every item you see here in this BMW 7 Series cockpit has its position, size, shape and function guided by the laws of ergonomics.

The orange instrument illumination, for example, is no mere stylist's whim.

It's the result of a study to find the wavelength of light to which the human retina is most sensitive. So, with minimum distracting brightness, there can be maximum clarity.

For the same reason, even the digital clock is dimmed automatically as soon as the headlights are switched on.

The elimination of unnecessary distraction also explains why long rows of quivering dials have no place in a BMW.

Instead, checking sensors monitor no less than 16 functions, alerting you in good time if anything requires attention.

For example, on this BMW 7 Series you can press the electronic Check Control button before you drive off.

This then checks everything from the engine oil level to the amount of water in the screen-washer. All without taking you out of your seat.

Then once you drive off, the on-board computer, on the left of the cockpit, starts to work for you.

It can tell you how much petrol you're actually using at any particular moment. Or when, based on your average speed, you'll reach your destination.

Or how many miles you're away from your next turn off.

And whenever the outside temperature drops to 3°C, a buzzer sounds a black ice warning.

None of this, please note, is using technology in any way to replace the driver.

Instead, it uses technology, on the one hand, to liberate you from driving chores. And, on the other hand, to give you the information you need to apply your driving skills more scientifically.

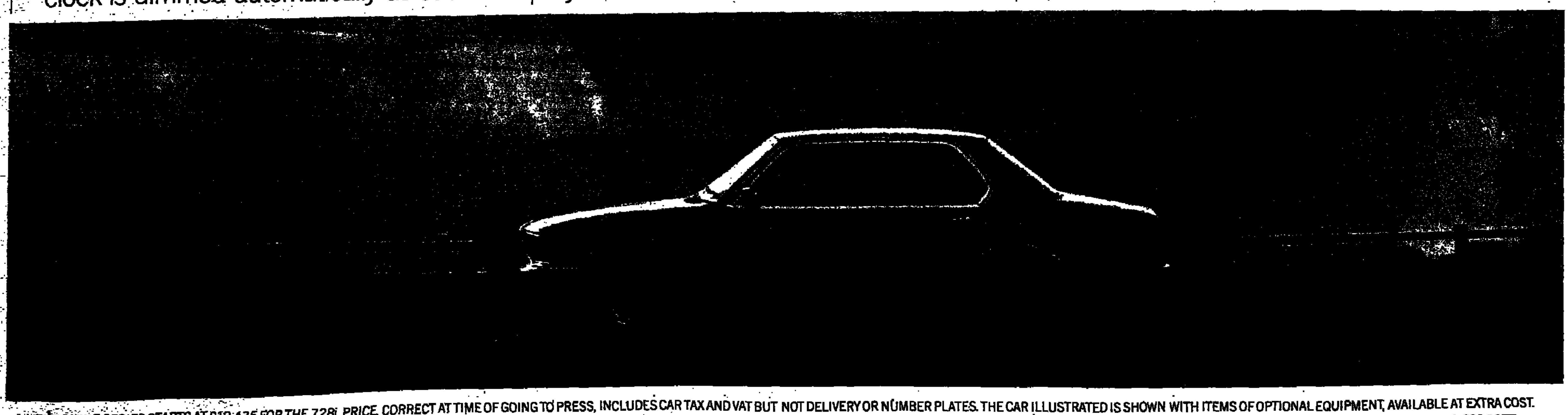
All of which stems from BMW's philosophy that the driver is one of the functioning parts of the car.

And not simply a passive object to be transported from A to B.

Which is why, if your expectation of a luxury car is merely a well-upholstered extravaganza, a test drive in a BMW 7 Series will prove to be a very illuminating experience.

Particularly at night.

THE ULTIMATE DRIVING MACHINE



THE BMW 7-SERIES STARTS AT £12,435 FOR THE 728i. PRICE, CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. THE CAR ILLUSTRATED IS SHOWN WITH ITEMS OF OPTIONAL EQUIPMENT, AVAILABLE AT EXTRA COST. FOR A 7 SERIES INFORMATION FILE, PLEASE WRITE TO: BMW INFORMATION SERVICE, P.O. BOX 46, HOUNSLOW, MIDDLESEX, OR TELEPHONE: 01-897 6665. (LITERATURE REQUESTS ONLY). FOR TAX-FREE SALES: 56 PARK LANE, LONDON W1. RING 01-629 9277.

TECHNOLOGY

EDITED BY ALAN CANE

Old-style inventors take a look at internal combustion

BY GEOFFREY CHARLISH

FROM GERMANY, France and the UK, designs of internal combustion engines have recently emerged which, although not all based on new principles nevertheless have attractions in terms of efficiency, simplicity, weight and vibration. They have been received with varying degrees of credibility.

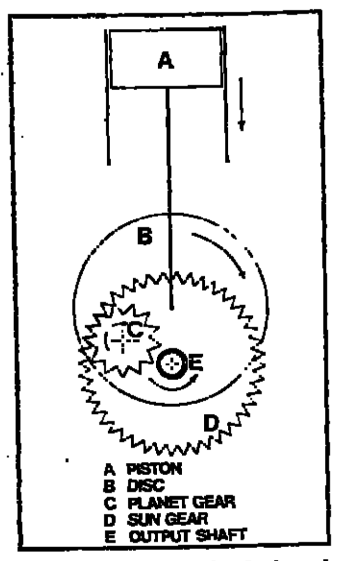
They all come from essentially old-style inventors, acting initially on their own, who have undoubtedly been encouraged by the increased price of fuel.

The inventors all show great confidence in their designs and their response to sceptics who feel that all such ideas must already have been thought of and rejected by the major car/engine companies is simple: "They haven't thought of this."

A fundamental drawback of the conventional engine is that the energy imparted by the burning, expanding gases to the piston makes it move back and forth in a straight line while most engines, particularly for vehicles, have to provide continuous rotary motion.

Exceptions are such things as reciprocating pumps and compressors where it is clearly pointless to convert reciprocating motion to rotary, and back again.

The UK and French designs incorporate ways of converting piston oscillation to rotary shaft drive without using a conventional crankshaft and connecting rod — expensive items which produce energy-wasting side thrust, dissipated in friction.



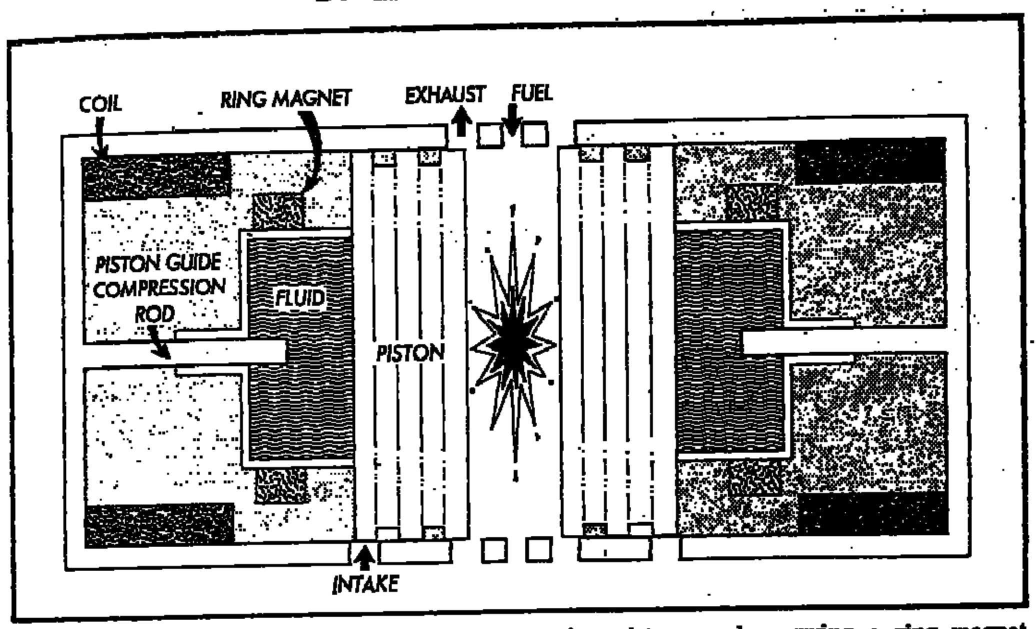
AIM of the UK unit, designed by Fred Stidworthy, is to apply combustion thrust more efficiently and cut out piston side thrust. The diagram (schematic only) shows piston A with a free running disc B on its lower end. Mounted on the disc near the periphery is planet gearwheel C. This runs round the inside of sun gear D which is in a fixed position in the engine. The shaft of C has a rigid coupling (a short throw crank in practice), to output shaft E which it therefore turns.

Horizontal

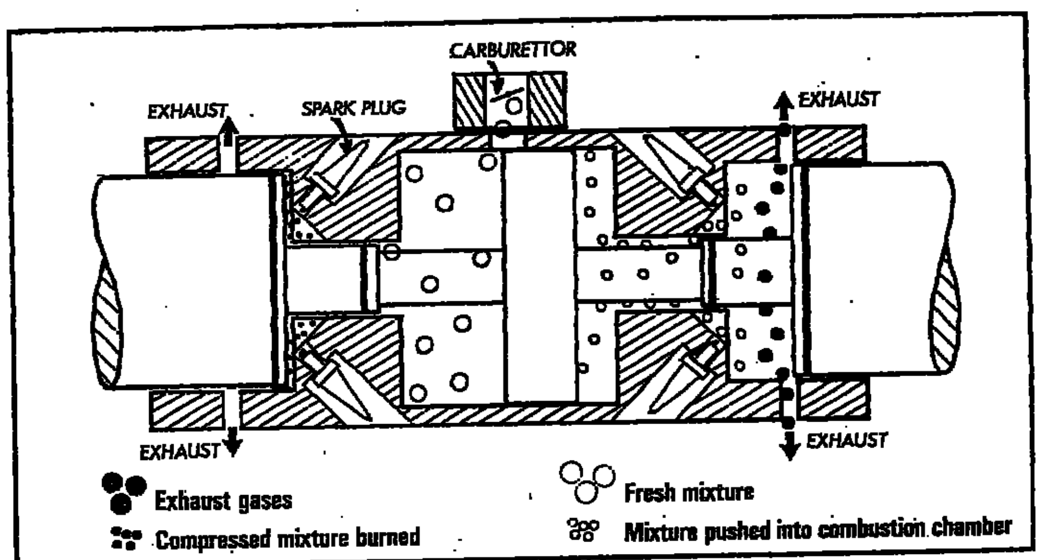
The German design on the other hand simply concentrates on achieving smoother and more efficient reciprocation and could be used to produce pump or compressor action directly.

Brainchild of 47-year-old Frank Stelzer from Frankfurt, the engine has only one moving part, perhaps best thought of as a horizontal rod with pistons at the two ends and a third piston fixed at the rod's centre and acting as a covering and uncovering device for a cylinder-wall induction inlet (see diagram).

This component, in practice, made in one piece, moves bodily in a relatively long cylinder which is segmented to give a central induction chamber with combustion chambers to right and left, closed at their far ends by the near faces of the pistons. The outer chambers are sealed from the inner by the rod sliding in holes in the dividing walls.



FROM FRANCE, the Jarret engine has two opposing pistons each carrying a ring magnet which sweeps very rapidly past coils to give direct electrical power. Short, high temperature combustion periods are said to give 90 per cent burning efficiency compared with 70 per cent in conventional engines. Exhaust temperatures are low and the engine, being naturally balanced, gives little vibration.



THIS German design by Frank Stelzer has only one moving part—three rigidly connected pistons working in three chambers to produce induction, compression, ignition and exhaust at alternate ends. Gas pressure build-up is said to counteract the oscillating mass out-of-balance effect to give very little vibration

When the piston assembly is off the cylinder mid-point, say to the right, fresh fuel mixture is being drawn in through the uncovered central inlet port from a carburettor.

At the same time the recently compressed mixture in the left hand outer chamber is ignited by a pair of spark plugs while to the right of the central piston previously induced mixture is being pushed via an uncovered axial passage into the right hand combustion chamber. Exhaust gases leave from an uncovered exhaust port at the far right, pushed out by the incoming mixture.

Combustion in the left hand outer chamber moves the piston unit to the left and the actions at the two ends are reversed.

The piston unit in the prototype oscillates at 5,000 cycles/min in a bore of 140mm with a relatively small strike of 40mm (1231 cc). Dynamometer tests carried out at a German university yielded 100 HP (75 kW).

Specific fuel consumption is claimed to be 30 per cent less than an average conventional engine of the same output. The power output of the Stelzer engine rises with frequency and with further design work the inventor expects 200 HP at 12,000 cycles/min to be achieved.

He also expects that with industry interest the weight (265 lbs) and volume could be halved.

Punch

The design has some similarity to those of Sigma in France and Alan Muntz in the UK, but these engines (which are in production) have separate pistons moving in and out from the centre, making power take-off less straightforward.

More recent is the design of two French brothers called Jarret, backed by three companies including Elf-Aquitaine. This uses two separate, free pistons moving from the cylinder centre at nearly 10,000 cycles/min.

Very high compression ratios are achieved by returning the pistons with considerable punch by means of fluid compression springs at the far ends. Exhaust and intake porting is similar to the Stelzer approach.

However, the Jarret engine makes a direct conversion from reciprocating motion to electrical energy. Powerful ring magnets on the pistons move at high speed past coils wound round the cylinder ends, inducing electrical power at 320 Hz. The plan is to use the power to drive electric motors mounted on a vehicle's wheel hubs with pedal operated electronic speed control.

A production version is thought to be some 10 years away. However, mechanical outputs of 1.3 HP per cubic inch have been achieved in an engine weighing 70 lb. with virtually no vibration.

The engine from the UK has been designed by Fred Stidworthy and is in the first stages of exploitation by Wainwright International at Redditch in the West Midlands.

Scepticism

Stidworthy's aim is also to do away with crank and conrod so as to remove side thrust of piston on cylinder walls, remove the bulk and weight of crankcase and, says Stidworthy, apply firing force when it can have maximum turning effect on the output shaft rather than, as in conventional engines, when the piston is near top dead centre with the con-rod nearly vertical.

Basically, the piston at its lower end carries a rotating disc on which is mounted, near the periphery, a cog wheel. The cog runs round the inside of a large diameter ring, toothed on the inside and fixed to the engine casing. The cog shaft is coupled to the output mainshaft and so turns it.

The motoring and engineering journals have greeted the engine with marked scepticism since there is, as yet, no operating model in the UK.

Basil Wainwright says, however, that an engine is operating in a car in Detroit, undergoing emission trials. In more ways than one it seems a great pity that the first unit is not being driven round the streets of Coventry or Birmingham.

Inventor, Stidworthy, says only that it is "reasonable to expect" with a 1,077 cc engine, a power output in the "90 to 100 hp region" at 3,500 RPM. At 95 lb, he says, the weight would be a quarter that of a conventional engine of the same power, and much more compact. Vibration would be low.

Wainwright International has recently taken on a public relations adviser in the UK after what are now seen as a number of rather premature announcements.

Much will now depend on the emergence of an independently tested model of the engine, and this is promised for the coming months.

POINTERS

Distress

SAILORS will be interested in the Lewis system designed by Marine Distress Systems of Lossiemouth, Moray, Scotland. This self-buoyancy system radio beacon is detectable up to 200 nautical miles and broadcasts alternately on 121.5mHz and 243mHz for up to 72 hours.

The unit is fitted with a lightweight hydrostatic life raft release unit from Berwyn Marine Safety of Bath. Sailors might like to contact Berwyn Marine Safety (0225 60324).

Vessel

A STANDBY safety vessel for offshore oil installations, thought to be more advanced than any operating at present, has been developed by British Shipbuilders.

Research has been carried out by Clelands Shipbuilding, one of British Shipbuilders small yards. With secondary roles as a fire fighting and anti-pollution vessel, the ship can pick up and care for 300 men with special showers to restore body temperature.

Designated the Vigilant Class, the ship is available in varying lengths from 100 to 160 ft to cater for differing sea conditions. More on 0632 26772.

Recorder

ASTELL HEARSON, the laboratory equipment company of Brownhill Road, London SE6, has developed a temperature recorder with a 15-day strip chart in the −10° to 90° F range.

The company says that this monitoring device is self-powered; batteries are not needed with the mechanism initiated by pulling a starting pin.

It provides a continuous record for the 15 days on a pressure sensitive strip chart of 50 by 900mm. Size of the unit is 127 x 89 x 45mm. More on 01-697 8811.

Tyres

A RANGE of tyres for operators of light trucks and vans is to be launched by Dunlop. There will be five types according to need and loading. Details on the "C" range from Dunlop, contact Peter Ross 021-373 2121.

Three new small computers

OF THREE recent announcements of new small computers, from ICL, Systime, and Computer Technology, the one from UK leader ICL is really the most interesting since it reveals an intent to exploit—as so many smaller companies have done—the IBM installed base of machines and networks.

The new £27,000 computer (80,000 bytes of main store, 70m bytes of integral disc, matrix printer and four local terminals) is capable of linking into networks using IBM's SNA (Systems Network Architecture) and so, says ICL, will open up "exciting new market opportunities around the world."

Called System 25, it thus appears to be ICL's first IBM-compatible product, marking a clear change of policy.

The company will be offering System 25 to replace or enhance the System Ten machines inherited with the Singer deal some years ago.

It will also have a role as an applications terminal controller for use with the ICL point of sale and factory terminals. System 25 can handle 20 jobs at the same time and support up to 200 terminals.

Up to 590 megabytes of backing store disc can be attached to the processor. ICL is at Putney on 01-788 7272.

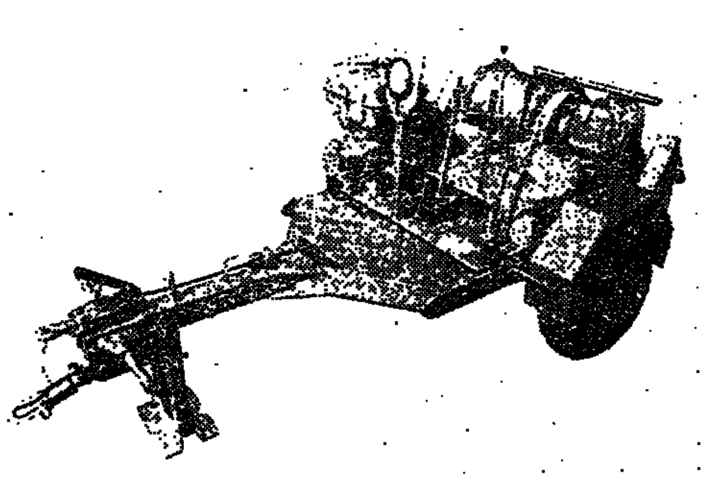
Announcement number two is from Systime, a completely British minicomputer manufacturing company that has raised its turnover from about £1m in 1975 to more than £24m last year.

Known as series 500 the machine is a micro with a cycle time of 200 nano-seconds and minimum instruction time of 400 ns; it is described by the company as "considerably faster than most conventional minis." It can support multi-user operation and is compatible with an extensive and well-proven range of software.

The new machine is a 16 bit microprocessor based on the Intel 8086 processor and 8087 floating point processor. There are standard software packages for all the usual business applications. Systime is at Leeds on 0532 702211.

CTL, with its nationwide field force of 120 engineers, has become sole distributor in the UK of a minicomputer made by Convergent Technologies of Santa Clara, California.

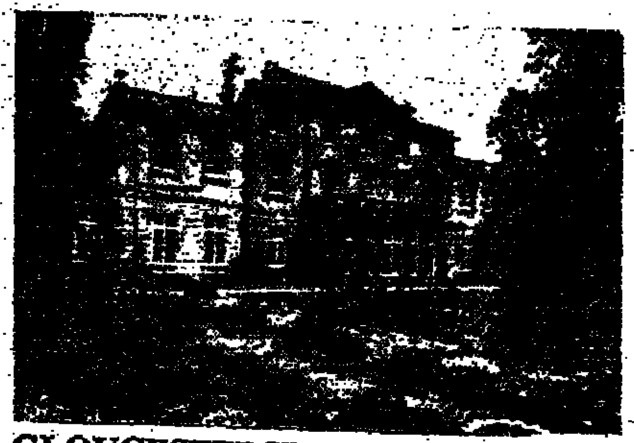
Aimed at systems builders, it is described by CTL as "a megabyte mini on a desk top" with a power equal to that of general purpose minis at around 40 per cent lower cost. CTL is at Hemel Hempstead on 0442 3272.



Dynamometer for Sykes trailer mounted winch

THE model 21 two-and-a-half-ton diesel driven trailer mounted winch from Sykes Pumps can now be fitted with a dynamometer. The mobile winch has a dynamometer operating through a towing bar which, when anchored, reads the strains when the winch is under load. These are transmitted to the operator's gauge. More information on 01-858 8121.

A SELECTION OF PROPERTIES



GLOUCESTERSHIRE. COTSWOLDS 1,588 Acres

Between Cheltenham and Stow-on-the-Wold.

One of the Finest Agricultural, Residential and Sporting Estates. Principal house with 3 cottages, farmhouse, 14 farm cottages; modern and traditional *farmbuildings*.
Also available is an entire village of 2 houses, 13 cottages, 2 Cotswold barns; 6 acres.

Apply London Office. (CF/69830)

NORTH YORKSHIRE 3,379 Acres

Northallerton.

One of Yorkshire's celebrated Sporting and Residential Estates. Residence, mainly late Georgian; home farm in hand, 12 let farms producing £13,289 p.a.; woodland part in hand, part let; an entire village; 1,460 acre grouse moor, excellent pheasant shoot; trout fishing.

Apply Boroughbridge Office. (JHJ/10203)

DEVON 910 Acres or Less

Near Plymouth.

A Quite Exceptional Residential, Agricultural and Sporting Estate. Outstanding early Queen Anne house, indoor and outdoor heated swimming pools, 2 cottages, parkland and lakes; 158 or up to 400 acres. Additionally available is private airstrip with hangar; a well-equipped farm with house, 3 cottages, new farmbuildings and about 508 acres.

Apply London Office. (CF/69683)

WEST NORFOLK 638 Acres

Near Fakenham,

A Fine Residential and Commercial Arable Farm. Attractive Norfolk period farmhouse; 2 cottages (let); separate drying and storage units for grain and oil seed rape; poultry unit.

Apply London office (PLG/70176)

SUTHERLAND

Near Lairg. 19,000 Acres

An Excellent Farming and Sporting Estate. Recently modernised main house; hill farm carrying 3,000 sheep; loch fishing, grouse moor; deer forest averaging 31 stags; lodge, 5 cottages; basis III dedication on 5,000 acres.

Apply Edinburgh Office. (CBSS/01864)

PERTHSHIRE

Killin. 4,500 Acres

A Beautifully located Sporting and Agricultural Estate. Comfortable modernised house; grouse shooting, stalking, salmon and trout fishing; stock rearing farm. (2 further farms of 394 and 599 acres are available.)

Joint Agents: Renton Finlayson, Aberfeldy (Tel: 0887 20234)

Apply Edinburgh Office. (CBSS/02084)

BANFFSHIRE

Tomintoul. 3,380 Acres

An Exceptional Grouse Moor with Stalking in a Famous Area. Keeper's cottage; 557 brace of grouse, 14 stags; the land very suitable for forestry if preferred.

Apply Edinburgh Office. (CBSS/01994)

WARWICKSHIRE

2,335 Acres

Between Warwick and Stratford-upon-Avon.

An Outstanding Commercial Farming Enterprise. Principal Farmhouse, 6 further farmhouses, 14 cottages; 6 sets of farmbuildings including grain complex for 5,000 tons; 250 head dairy unit. Part Grade II land.

Joint Agents: Berry Bros., Stoneleigh, Long Itchington (Tel: 092 681 2239)

Apply London Office. (CF/70215)

STIRLINGSHIRE

Near Aberfoyle. 2,210 Acres

A Beautiful Residential and Sporting Estate in a Spectacular Position overlooking the Lake of Mentieth. 925 acres with possession; 3 let farms producing £3,900 p.a.; excellent shooting and trout and salmon fishing.

Apply Edinburgh Office. (HACA/02077)

YORKSHIRE

Near Leyburn. 1,847 Acres

An Important Agricultural Investment. 9 let farms, 8 with farmhouse and all with buildings, mainly dairy; the whole producing £29,830 per annum.

Apply Boroughbridge Office. (JHJ/10280)

DORSET 499 Acres

Between Beaminster and Bridport.

An Historic Country House with Intensive Farming Unit. Beautiful Tudor Manor house with cottage and buildings; dairy and arable farm with excellent farmhouse, 5 cottages; highly functional ranges of farmbuildings; substantial areas of Grades I and II land. For sale as a whole or in 5 lots.

Joint Agents: Senior & Godwin, Sturminster Newton (Tel: 0258 72244)

Apply London Office. (CF/69830)

ROXBURGHSHIRE 480 Acres

Near Kelso.

A Very Exceptional Border Estate overlooking the River Tweed. Beautiful late Georgian house, stabling, tennis court; impressive modernised and new farmbuildings; 8 cottages; excellent arable land with irrigation system.

Apply Edinburgh Office. (CBSS/01994)

BERKSHIRE 477 Acres

Within 50 miles of central London.

An Exceptional Residential and Farming Property. Particularly attractive main residence, newly and completely renovated; secondary house, 4 cottages; new grain complex for 900 tons.

Apply London Office. (CF/68064)

SUSSEX 439 Acres

Near Pulborough.

A Quite Exceptional Property. A 14th Century castle, with manor house within its walls; stables, garages, tennis court; cottage; gardens and paddocks of 11 acres in hand; 428 acres let in 2 farms.

Apply London Office. (CC/70306)

ARGYLL 1,340 Acres

Acharacle.

An outstanding Island for sale as a whole. Principal house; 12 cottages; farm steading, workshops, boat house; powerhouse, former school; important pinetum; red deer, salmon nettings, oyster and scallop beds.

Joint Agents: West Highland Estates Office, Fort William (Tel: 0397 2433)

Apply Edinburgh Office. (CBSS/02027)

WEST SUSSEX

Littlehampton. 1,091 Acres

An Agricultural and Commercial Investment Estate. Let farm of 858 acres; an hotel; 18-hole golf course; various let houses and cottages; foreshore with car park; the whole producing £61,791 per annum.

Apply London Office. (PABP/70323)

MIDLOTHIAN

Near Livingstone. 602 Acres

A Good Arable Farm. Superb new farmhouse; 3 cottages; general purpose/grain store building.

Joint Agents: Milne, Home and Ballantyne, Edinburgh (Tel: 031 229 9679)

Apply Edinburgh Office. (CBSS/01985)

INVERNESS-SHIRE

Near Mallaig. 595 Acres

A Beautifully Located West Coast Farm. Completely renovated farmhouse; 2 cottages; good range of buildings for sheep and cattle; 90 acres in-bye, balance hill land.

Apply Edinburgh Office. (CBSS/01974)

LANARKSHIRE

Coulter. 509 Acres

An Attractive and Varied Small Sporting and Forestry Estate. In a really beautiful situation and requiring virtually no maintenance; grouse, geese, duck and trout fishing; rights on 2 reservoirs; basis III dedication on 425 acres.

Apply Edinburgh Office. (CBSS/01978)

ROSS-SHIRE 500 Acres

Black Isle.

A First-Class Arable Farm *in this* Famous Area. Farmhouse in very good order; 3 cottages; modern and *traditional buildings include grain store*; cropping wheat, malting barley and suitable for potatoes.

Joint Agents: Bingham, Hughes & Macpherson, Inverness (Tel: 0463 224343)

Apply Edinburgh Office. (UAD/02153)

ANGUS 398 Acres

Between Forfar & Arbroath.

An Historic Residential and Agricultural Property. Modernised castle in a magnificent setting; trout farm; red deer park; excellent arable farm with house and 131 acres in hand; the balance comprising a farm at present let.

Apply Edinburgh Office. (CBSS/02115)

BERKSHIRE 373 Acres

Maidenhead. 28 miles London.

A Fine Residential and Farming Property all in exceptional order. Attractive period house reputed to date from the 16th Century, gardens, outbuildings; a compact and fully modernised set of farmbuildings include grain unit.

Joint Agents: Simmons & Lawrence, Henley-on-Thames (Tel: 04912 78301)

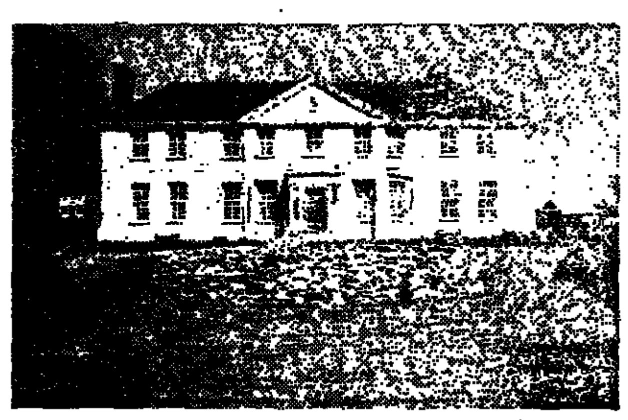
Apply London office. (CF/68686)

WEST SUSSEX 281 Acres

Near Pulborough.

A most Delightful Residential and Farming Property. Main house of great character, staff flat and annexe; dairy unit; 1 detached and 2 semi-detached bungalows; grassland, water meadows, orchard and woodland.

Apply London Office. (CF/69736)



KENT 132 Acres

Near Maidstone.

A Magnificent Country House with Beautiful Views. Indoor swimming pool, sauna, jacuzzi, extensive outbuildings, stabling; 2 cottages; 68 acres in hand, 64 acres let.

Apply London Office. (CC/70343)

WILTSHIRE 225 Acres

Between Swindon and Cirencester.

A Commercial Dairy Farm. Period farmhouse, semi-detached cottage; modern and traditional dairy buildings; single bank fishing (presently let).

Apply London Office. (PLG/70059)

SURREY/KENT

Near Edenbridge. 190 Acres

A compact Farm presently all Arable. Modern bungalow; extensive, all modern *farmbuildings including* silo grain storage; a further 50 acres might be available.

Apply London Office. (CF/70246)

DEVON 186 Acres

South Hams.

A Productive Stock and Arable Farm. Period farmhouse; ranges of traditional and modern farmbuildings, one range with planning permission for 3 holiday units; fertile arable and grassland.

AUCTION IN 3 LOTS ON 8th JULY.

Joint Auctioneers: R. B. Taylor & Sons, Exeter (Tel: 0392 55487)

Apply London Office. (PLG/69835)

FIFE 26 or 177 Acres

Near Gateside.

A Most Charming Residential Property. Particularly attractive 17th Century house; walled garden; cottage; 27 acres. An adjoining arable/dairy farm of 151 acres, in different ownership, is also available if required.

Apply Edinburgh Office. (HACA/02115)

DEVON 166 Acres

Between Okehampton and Launceston.

A Residential and Mixed Commercial Farm. Stone-built farmhouse; modern and traditional farmbuildings for dairy and arable; 2 cottages.

Joint Agents: Stags, Okehampton (Tel: 0837 3258)

Apply London Office. (CF/70118)

WORCESTERSHIRE

Near Great Malvern. 92 Acres

A first-class Intensive Beef and Sheep Farm. Modern bungalow; outstanding ranges of modern buildings for beef and sheep.
Additional 70 acres available 2 miles distant.

Apply Hereford Office. (KGM/01575)

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BOROUGHBRIDGE OFFICE:	High Street Boroughbridge North Yorkshire YO5 9AW	**Tel: 09012 3171**

Atkins rejects plea from Haughey to act on hunger strike

BY MARGARET VAN HATTEM, LOBBY STAFF

MR HUMPHREY ATKINS, the Northern Ireland Secretary, yesterday rejected outright a plea from Mr Charles Haughey, the Irish Prime Minister, for an immediate initiative to end the Make Prison hunger strike.

He warned IRA prisoners in Northern Ireland that moves to improve the present prison regime would be delayed as long as the strikes continue.

The strikes were not of the Government's making and it was not within the Government's power to end them, he said in a long and detailed statement.

Pointing out that the Governmen had acted on all the suggestions put forward by the European Commission on Human Rights, Mr Atkins reaffirmed the Government's determination not to budge on the strikers' five demands, which amounted to a demand for political status.

The matter is expected to be aired during a debate in the Commons tomorrow: on the annual renewal of the Emergency Provisions Act, which covers emergency powers to arrest, search and detain suspected terrorists.

The Opposition has tabled an amendment to the Government's motion, calling for a "wide ranging inquiry into the workings of the Act."

Meanwhile, the Labour Party last night moved a step closer to ending the bipartisan approach to Northern Ireland.

Its Northern Ireland study group met to consider a draft policy statement, which will be forwarded to the National Executive Committee and later presented to the party conference.

The statement has not yet been published but it is understood to call for a united Ireland brought about by agreement and consent between north and south. This would involve discussions with the Republic, leading to power-sharing devolved government and ultimately, unification.

The statement stresses the need for agreement and consent but it is understood that it does not at this stage refer specifically to the agreement and consent of the Northern Ireland Protestant community: rather, it focuses on the need for greater unity within the working class in the province.

Today in Parliament

Commons—Debate on Opposition motion on the car industry. Motions on the London Docklands Corporation (Area and Constitution) and (Amendment) Order. Vesting of Land (Port of London Authority) and (Greater London Council) Order.

Lords—Motions to approve London Docklands Development Corporation (Area and Constitution) Order 1980, London Docklands Development Corporation (Area and Constitution) (Amendment) Order, London Docklands Development Corporation (Vesting of Land) (Greater London Council) Order. Consideration of Commons Amendments to Contempt of Court Bills. Forestry Bill, third reading. Criminal Attempts Bill, report stage.

Select Committee—Education, Science and Arts. Subject: public and private funding of the arts. Witnesses: Mr. John Boulting, Mr. Roy Boulting, Mr. Tom Burrill, Mr. Benny Fisz, Mr. Steve Kennis, Mr. Chris Mills and Mr. Alan Sapper. (room 6, 10.30 am.) Scottish Affairs. Subject: youth unemployment in Scotland. Witnesses: British Youth Council (Scotland); Institute of Careers Officers (room 5, 10.30 am.) Defence. Subject: The Royal Dockyards and the Dockyards study. Witnesses: Trade Union side of the Government Industrial Shipbuilding Trades Joint Council (room 15, 11.15 am.) Public Accounts. Subject: BNOC's capital structure: forward oil sales; British Gas. Witnesses: Dept. of Energy (room 16, 4 pm.) Energy. Subject: North Sea Oil depletion. Witness: Lord Balogh. (room 8, 4.15 pm.) Employment. Subject: the legal immunities of trade unions and other related matters. Witnesses: Association of British Chambers of Commerce: CBI (room 8, 4.30 pm).

Heseltine denies charge of misleading House

BY IVOR OWEN

A DEFIANT Mr Michael Heseltine, the Environment Secretary, last night flatly denied allegations by Labour MPs that he misled the Commons during controversial exchanges over his decison to use compulsory powers to transfer responsibility for 54,000 dwellings from the GLC to eight Labour controlled London boroughs.

Twetny words—in which Mr Heseltine indicated he would withdraw an order making the transfer if asked to do so by the then GLC leader Sir Horace Cutler—formed the basis of the Oppositions charges.

Mr Gerald Kaufman, Labours Shadow Environment minister, moved a personal censure on Mr Heseltine condemning him for "failing to honour an undertaking to the House."

Explaining why the Opposition had initiated this comparatively rarely used procedure, he said: "We censure the Environment Secretary not simply for a particularly high handed and ill-advised act of policy. We censure him for behaving in a misleading manner to this House and for having made a commitment which he has wilfully disregarded in a manner which brings him and his office into disrepute."

Mr Kaufman claimed that the

Heseltine: defiant

Kaufman: insistent

terms of the transfer of the property were and remained unacceptable to the GLC and, he presumed, to Sir Horace Cutler, up until the Conservatives lost control of the GLC on May 7.

He asserted that twice before the May etlections, the GLC had sought changes in the order only to be rebuffed by the Department of Environment.

Mr Kaufman said the transfer of the properties to the London Boroughs of Brent, Camden, Hackney, Harringay, Hounslow, Lambeth, Lewisham and Waltham Forest would push up public expenditure at the very time Mr Heseltine was ordering local authorities to cut their spending.

Mr Kaufman maintained that there was still time for Mr Heseltine to honour his undertaking by withdrawing the Order imposing the compulsory transfer.

Mr. Heseltine told the House that he had used the words which formed the basis of Labour's attack when replying to a question by Mr Ron Brown (Lab., Hackney South and Shoreditch). In posing the question Mr Brown had stated that Sir Horace Cutler had changed his mind about the transfer of the properties to the London boroughs after discovering the "enormous costs" which would be involved.

Mr Heseltine said he had realised at the time that Mr Brown had compltely misunderstood Sir Horace's position. He said: "The simplest reply I coul give—which I did give—was, and I quote 'I think I can help Mr Brown. If Sir Horace should ask me to withdraw this compulsory order I should of course be prepared to do so.'"

Waving aside Labour protests, Mr. Heseltine insisted that it was obvious that his words should be seen in the context of the question asked by Mr. Brown.

"What I was saying is that if Sir Horace Cutler had now discovered enormous costs of which he was unaware, if Sir Horace had discovered that the whole basis of his four years' work was ill-founded and based on inaccurate facts, then all he had to do was to ask me to withdraw the order."

Backed by Tory cheers, Mr Heseltine maintained that no other reasonable interpretation could be made unless his words were taken wholly out of context.

"Sir Horace, as I said, made no discoveries that persuaded him to ask me not to transfer the authorities."

Mr. Heseltine described the tactics employed by Mr. Kaufman as "contemptible."

"He has sought to make the narrowest of party points without the slightest attempts to check with Sir Horace whether what I said was true or not."

To further Government cheers, Mr Heseltine declared: "I have no hesitation in saying that I have treated this House in this matter with the same high standard that it is entitled to expect from any Secretary of State."

Rounding on Mr Kaufman, Mr Heseltine snapped: "I sometimes feel that he might well profit from spending rather less time lecturing others about standards of which he is so careless himself."

The Opposition motion was defeated by 83 votes (311-228).

Labour details EEC plans

By Elinor Goodman

THE LABOUR PARTY committee charged with drawing up a detailed European strategy for the party yesterday approved a plan to take Britain out of the Common Market within a year of the party taking office.

The programme, the result of several months of discussion between members of Labour's national executive and Labour MPs will go to the full national executive next month and will then be put to this year's party conference.

Given the strength of anti-market feeling in the party it could well form the basis of Labour's policy on Europe for the next election.

At the last election Labour backed withdrawal only as a last resort. Last year's party conference, however, voted in favour of all-out withdrawal, although it did not specify how this should be done. A committee was set up to produce a report for this year's party conference.

The report follows broadly the same lines as the Labour Common Market safeguards Committee which last week proposed a similar 12-months timetable for withdrawal.

The NEC sub-committee recommends that a Labour Government should immediately serve notice that Britain intends to withdraw, and then begin dismantling legal links and trying to develop trading relations outside the EEC.

In calculating the impact of withdrawal the committee has assumed that Britain would continue to trade extensively with Common Market countries.

Prior firm on closed shop stand

FINANCIAL TIMES REPORTER

MR JAMES PRIOR, Employment Secretary, yesterday gave firm notice to Tory backbenchers demanding new laws to ban the closed shop, that his "step by step" approach to changes in industrial relations law would be maintained.

Despite Mrs Thatcher's recent comments that legislation next session on the closed shop was "well on the cards," Mr Prior refused to make any commitment to further changes.

But he hinted that there could be action to prevent recurrence of local authorities sacking people who refused to join closed shops—as recently happened to Sandwell council poultry inspector Miss Joanna Harris and Walsall council dinner-ladies.

During Question Time Mr Prior told MPs: "I do not believe the way in which Sandwell and Walsall district council have used their power to dismiss people, in what is an intolerable manner, is satisfactory for the way that Parliament conducts its business.

"I would expect changes to be made along the lines I have always said—that any change in industrial relations law should be a step-by-step approach and dealing with abuses as they are seen to arise," Mr Prior said.

Mr Nicholas Winterton (C., Macclesfield), said that the "overwelming" number of representations from business in ansyer to the Government's discussion document on union immunities urged further legislation on the closed shop.

He asked Mr Prior: "Will you give a firm commitment to the House . . . that further legislation will be announced in the Queen's Speech or the next session of Parliament so that the people of this country can be rid once and for all of the evils of the closed shop?"

Mr Prior said that the Sandwell and Walsall cases would be taken into account "when the Government comes to make up its mind about future legislation."

He added: "I think it would be wrong for me in any way to pre-judge the Queen's Speech, but I have noted your point and those of many Tory MPs."

Mr Michael Neubert (C., Romford) demanded to know how Mr Prior could justify the present situation as, he said, Mr Prior was opposed to the closed shop in principle.

Thorneycroft retirement delayed

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LORD THORNEYCROFT now looks like staying on as chairman of the Conservative Party until at least the New Year.

The Prime Minister has apparently told senior colleagues that she does not expect to appoint a new chairman this year.

The search for a successor to Lord Thorneycroft, which is proving very difficult for Mrs Thatcher, will continue however.

It had been expected that Lord Thorneycroft, who is now 72, would resign before this year's party conference. This would have given his successor time to get established before the run-up to the general election begins in earnest.

Mr Michael Heseltine, the Environment Secretary, seemed at one time to be the favourite for the job, but some of the Prime Minister's party advisers are now saying it would be a mistake to move him away from Departmental responsibility.

Last month, it looked as if filling the job could be subsumed into a Cabinet reshuffle. One theory was that an existing Cabinet Minister would be given responsibility for Central Office while possibly remaining in the Cabinet as Minister without portfolio.

This would have opened up a Departmental brief in the Cabinet for one of the younger Ministers Mrs Thatcher is said to want to promote. But though it is widely expected that there will be a reshuffle later this year, it now looks as if finding a replacement for Lord Thorneycroft will not be part of the calculations.

Lord Thorneycroft, who took over as chairman in 1975, has been a very valuable ally to Mrs Thatcher and played a major part in her election victory.

It was generally assumed after the Conservative election victory that Lord Thorneycroft would retire.

But last summer he agreed to stay on for another year, and throughout this year has shown every sign of enjoying the job.

Railwaymen change tack on college

By Philip Bassett, Labour Staff

LEFT-WINGERS in the National Union of Railwaymen, which has a block vote of 165,000 at the Labour party annual conference, dealt a blow tothe hopes of party moderates to reverse the decision of the special party confrence at Wembley on the issue of the party leadership.

The annual conference of the NUR in St. Andrews went against the advice of Mr Sid Weighell, general secretary, and rejected the union's present policy that the composition of the electoral college to elect the party leader should be on a basis of 50 pr cent of the votes for the parliamentary party and 25 per cent each for the trade unions and constituency parties.

Moderate trade unions, Mr Michael Foot, and the Shadow Cabinet have all made it clear that the composition of the electoral college decided in Wembley in January—40 per cent for the trade unions and 30 per cent each for the PLP and the CLPs—was unacceptable and they would campaign for its reversal at the party conference in Brighton this autumn.

Previously the NUR have been among the most staunch of the trade union supporters of the 50-25-25 formula. But yesterday delegates voted narrowly by 41-35 to reject the present policy, though it will not be clear until today what the conference will decide to put in its place.

After the decision had been taken yesterday, Mr Weighell said that it reflected the divisions presently within the party.

No free lunches for the burghers

By John Hunt, Parliamentary Correspondent

IT IS not easy to envisage the Labour stalwarts on the Finance Bill committee as the natural champions of the middle class secretaries and clerks who work in the City and other financial centres.

None the less, led by Mr Austin Mitchell (Lab Grimsby) they took on this role yesterday in an attempt to increase the real value of luncheon vouchers.

For many years the first 15p of a voucher has been exempt from income tax. Labour moved an amendment to increase this to 50p to bring it more into line with the realities of inflation.

As a "moderate and sensible party", Mr Mitchell said, Labour was advocating an increase of 150 per cent in the exemption. This was particularly necessary as the value of the pound had dropped to 28p in real terms since 1971.

As usual, Mr Mitchell could not resist a dig at the personalities on the Tory front bench in the committee. Why not, he suggested, abolish all Ministerial lunches at No 10 Downing Street and hand out vouchers instead?

Of course, he conceded, there would be difficulties. While most of the Treasury Ministers would use their vouchers towards a slap up meal at the Mirabelle he suspected that Mr Nigel Lawson, Financial Secretary, would craftily nip down to McDonalds for a quick hamburger.

This outrageous slur on one of the chief monetarists in the Cabinet was immediately repudiated by Mr Leon Brittan, Chief Secretary to the Treasury. He maintained that the chief characteristic of the hamburger was that it was "rather soggy and wet".

Whatever other charge could be levelled at Mr Lawson this particular accusation could not be sustained.

This stout defence provoked second thoughts on the part of Mr Mitchell. Perhaps, he observed, Mr Lawson was more like a milk shake: "stolid and embarrassingly sweet and cloying."

In any case, Mr Mitchell argued, it was unfair to tax luncheon vouchers when other people enjoyed subsidised canteen meals without any tax penalty.

As a former TV interviewer he revealed that at the Thames Television canteen it was possible to enjoy a subsidised three course meal with wine for less than £1. Yorkshire Television also provided similar facilities, he said.

Cautiously Mr Brittan told the Committee that although the question of the tax concession should be kept under review he was not persuaded that the Labour proposal was the right way to do it.

With that the Opposition amendment was rejected by a majority of six (9-15).

It seems that the old saying still holds good—there is no such thing as a free lunch.

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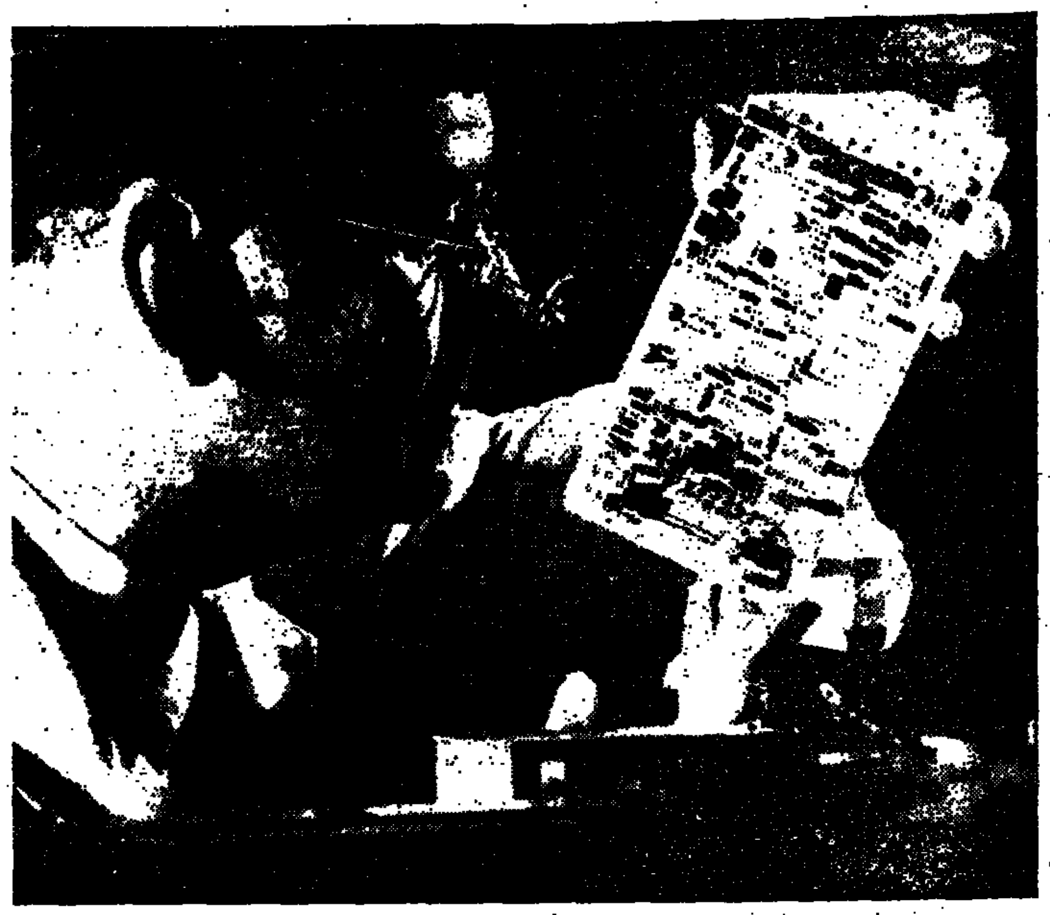
FINANCIAL TIMES SURVEY

Wednesday July 1 1981

Electronics Industry

Worldwide electronics manufacture is expected to exceed any other production sector by 1990. The U.S., faced with fears of growing Japanese competition in the field, has made a massive — and so far successful — effort to increase the quality of its products.



Inspection of a radio plug-in module for a Ptarmigan battlefield communications system at ITT Components' microwave and opto-electronics division at Paignton, Devon

Growing pressure from Japan

By Jason Crisp

THE SURGING tide of the electronics boom, temporarily diminished because of the world recession and high interest rates, notably in the U.S., looks set to rise again and carry everyone and everything before it—from computers to telephones, from machine tools to cars, and from electronic games to office automation.

Fear of Japanese strength in electronics appears to be growing in both the U.S. and Europe (which is well behind both). One of the greatest fears in the U.S. has been the growth of Japanese penetration into the semiconductor market itself. In the last six years, sales of Japanese semiconductors rose from being a negligible quantity to 7 per cent.

But in certain widely used memory chips, the Japanese have 40 per cent of the U.S. market. Japan also looks strongly set to do well in the next generation of basic memory chips, the 64K RAM, (ie random-access memory) for which Motorola is the only U.S. company in strong contention so far.

The Japanese have progressively undercut U.S. prices, taken advantage of a shortage of capacity in the massive boom in the late 1970s or have come out better in a heated battle over quality. Last year, Hewlett-Packard published a report on the quality of the 16K RAM chips it was buying and, much to the consternation of the U.S. manufacturers, gave all the plaudits to the Japanese.

The effect has been a massive effort by the U.S. companies to increase quality, which has been largely successful. But the temporary drop in the rate of growth in the electronics industry has put a tremendous squeeze on the suppliers of the basic product.

Massive increases in capacity, brought on stream over the latest 18 months, has led to drastic price cutting as too many microchips chase too little demand and manufacturers' margins are squeezed to the bone. Yet, at the same time, no U.S. semiconductor company dares trim its expenditure on research and new plant for fear that the Japanese will make further inroads next time there is a boom.

High costs

Very high interest in the U.S. make the funding of capital programmes on lower than anticipated revenues, even harder. According to the U.S. Semiconductor Industry Association (SIA), the average semiconductor company spends 28 per cent of revenue on research and capital investment.

At the other end of the scale in consumer electronics — television and audio equipment, and electronics applied to domestic electrical appliances, toys and games—the boom area in an otherwise flat market has been video recorders.

Demand has been outstripping supply, particularly in West Germany and in Britain. But the great majority of video recorders are made in Japan. Only Philips, the Dutch electrical giant and Grundig a partially owned subsidiary, make video recorders in Europe—and they have much the smallest share of the market.

Britain's Thorn-EMI is expected to join a consortium of Thomson-Brandt of France, AEG-Telefunken of Germany and the Japanese Victor Company (JVC), which developed the commercially successful VHS video recorder, to make them in Europe.

The jointly and equally-owned consortium is likely to make video recorders in AEG-Telefunken's Berlin factory, with production starting in the second-quarter next year. Thorn-EMI is most likely to manufacture video-disc players in Britain. VHO video disc players are not expected to go on sale in Britain until early next year.

The introduction of electronics into the telecommunications is in full swing in many countries as ancient, expensive and noisy electro-mechanical exchanges are replaced with electronic equipment. In Britain, the first digital computer-controlled System X exchange has been installed — the intention is to link the main 30 cities with digital lines by 1985 and to have completely modernised the complete network by the end of the 1990s.

As the modern computer-controlled digital exchange contains no moving parts it is packed with semiconductors. The long-term massive replacement of telephone exchange equipment throughout Europe and the U.S. will be a major area of growth for the electronics industry. And world telephone growth is expected to be 6 per cent a year.

One of the essential requirements of the new information technologies—the convergence of cheap computer technology and telecommunications — is that the telephone network itself is efficient, available and extensive. Although Britain is spending about £2bn a year on capital investment in telecommunications, it is modest compared to other countries, notably France.

Automation

One of the greatest growth areas for electronics is seen in office automation. Already, the growth of word processors, the vanguard of office automation, has accelerated particularly in the U.S. Major companies are reviewing electronic mail, information systems, retrieval systems, message switching and a host of other possibilities to speed up communication.

Allied to this trend is the current continuing growth in computer industry. If the growth in the very large mainframes has slackened, there is still a very strong demand for mini-computers—some manufacturers are doing very well, such as Digital Equipment in the U.S. while some fare less well, such as Data General. In Europe, the UK's Systime flourishes, while in Germany the larger Nixdorf is growing rapidly.

The runaway battle in the area of personal computers is becoming even more fierce. In the U.S., the market is lead by Tandy (Radio Shack), Apple and Commodore. Xerox has just announced it is entering the market and is likely to be followed by a number of other major companies, not least IBM, and others such as Data General and Wang. And the Japanese.

In Britain, Commodore has the largest share of the professional personal computer—that is, computers used for account systems, pay-roll and ledger accounts in small business, but also in large companies for financial modelling or productions control experiments. The best-selling computer for the home is the Sinclair ZX 81, costing £70, but which will soon be meeting competition from more sophisticated and expensive products which may herald, eventually, widespread penetration of the computer in the home.

According to most semiconductor manufacturers, a major development of the electronics industry will be the growing use of microelectronics in industrial production and processing—from simple tasks of measuring, monitoring and controlling to nearly total automation of the entire production process.

Total electronics manufacture in the world is expected to exceed any other production sector in the world by 1990. Success will not come easily for any country in this field with its immense difficulties, including finance, government intervention through purchasing, training of electronic engineering graduates and computer programmers, market size, and so on.

If the U.S. is worried about Japan, then Europe is doubly so.

New defence applications

THE SILICON CHIP and its descendants have been pressed into service in a multitude of applications for the defence industry—millions of dollars have been poured into developing equipment which can survive the rigours of the battlefield.

In recent advances in defence communications, Racal, the UK electronics group, led the field in anti-jamming radio systems with the Jaguar V, which is claimed to beat the rival U.S. system, Sincgars, by several years.

Plessey, aided by such companies as Standard Telephones and Cables and Marconi Space and Defence Systems, has developed the Ptarmigan battlefield truck communications systems. Another communications system, also developed by Plessey, is Wavell. This gives commanders and their staffs a visual display system for data relayed on the Ptarmigan network.

Areas in which ITT Components are involved include microwave sub-systems for ground to air-missiles, military tactical radio communications and laser development.

CONTENTS

Manufacturers in a race to produce the megabit chip

SEMI-CONDUCTOR TECHNOLOGY

ALAN CANE

TO MANY of Britain's newspaper readers a few years ago, the race to the 64K RAM—that is, the 64 kilobit random-access memory—must have seemed to be the microelectronics revolution.

Attempts to devise technologies equal to setting more than 64,000 individual cells, each able to store a binary 0 or 1, on a sliver of silicon, acquired a notoriety out of all proportion to their importance.

Now a host of semiconductor manufacturers are offering 64K dynamic RAMs and their efforts are being greeted with praise or reservation in the specialist journals; the new race is to the megabit chip, one million cells of storage on the same area of silicon.

Already Japanese companies *are producing 256K RAMs in* sampling quantities and there seems little doubt that the megabit chip can be achieved in the near future—but not with existing technology.

Essentially, the chip makers are in the hands of the creators of the most delicate machine tools in the world, the microlithographic equipment manufacturers.

Studies by companies such as Mackintosh International suggest that the world-wide consumption of semi-conductors is likely to rise by an average of 22 per cent a year to 1985. The 1980 value was about U.S.$17.6bn. Mackintosh predicts a rise to U.S.$47.2bn by 1985.

Even more impressive are predictions of the growth of consumption of silicon wafers, the thin, disc-like slices of pure silicon on which are engraved the patterns of the individual microcircuits. Currently, demand is around 660m square inches a year—this is expected to rise to *2,357m square inches a year by* 1985.

If the rate of consumption of pure silicon is rising, however, the number of components which manufacturers are managing to pack on to a single chip is rising even more rapidly. The average area occupied by each element on an integrated circuit chip is being reduced by about 30 per cent a year.

Why all this rush for greater and greater integration? After all, it is unlikely that all the existing microelectronic circuitry produced is being used effectively, let alone new families of more dense and powerful chips. The chief drying force is the computer and telecommunications industries, which, it seems, in their struggle to compress and miniaturise yet further have an insatiable demand for greater integration.

The economic rewards can be great. A telephone switchboard implemented in very large scale integrated circuitry occupies a fraction of the space required for old style Strowger or Crossbar exchanges, with a consequent saving in space in busy city centres.

The 64K level of integration, which is just about the limit using existing optical techniques of chip fabrication, makes possible substantial amounts of semiconductor store for the computer manufacturers and the possibility of a 16-bit microprocessor on a chip. A million elements on the chip make possible a complete 32-bit mainframe architecture together with on-chip storage and the necessary interfaces to allow the device to communicate with the outside world.

A million bits on a chip is *already possible with bubble* memory technology but such chips are best used as comparatively slow-speed devices in rough conditions.

These memories consist of *strings of magnetic domains or* "bubbles" which move along predetermined patterns in the substance of the semiconductor, presence or absence of a bubble indicating a binary 0 or 1. They *are comparatively large:* they are slow and they need a mass of supporting circuitry including a controlling microprocessor.

A gaggle of the best semiconductor houses, including Plessey in the UK and Texas Instruments in the U.S., have moved out of the bubble chip business, at least commercially, leaving Intel the only company at present with a credible megabit bubble chip with working controller.

"*Mainframe*" *computers* also exist as chip sets if not single chips; Intel, again announced its "Micromainframe" 32 bit computer implemented in three chips in New York this year. However, newer *tools will be* necessary to fabricate the next generation of micro devices.

At present, the chip designer draws the circuit diagram for the new chip probably with the aid of elaborate computer aided designing equipment to find the best route between two points. The product of the CAD system is used to create a reticule or master pattern for use in a step and repeat camera *to give,* eventually, working masks for wafer etching.

For larger and more complex circuits, these days, an electron beam pattern generator is preferred. *This* can create the required pattern on the reticule in about 60 minutes, compared with the 20 or more hours required for optical pattern generation.

Forecast

According *to* the Mackintosh report, *Semiconductor Microlithography Equipment and Materials Outlook — 1985*, a pattern generator using lasers is in development and should be available by late 1981.

It says: "If this system operates according to its preliminary specifications, it should be able to produce master reticules of equal quality to that of the electron beam system and perhaps in a slightly shorter time."

"The important market aspect of this new laser system is that it will only cost about 50 per cent of the current electron beam price system."

Direct writing on the wafer using electron beam techniques is the chief hope for creating very densely integrated chips in future. Presently, the silicon surface is covered with a photo-sensitive material and selected areas cleared "doping" with the appropriate ions by exposing the wafer to ultraviolet light.

The size of the individual elements on the chip is thus limited by the wavelength of light. Electron beams—having a shorter wavelength—offer the possibility of much better resolution. The wafer is simply covered with electron sensitive material and the electron beam machine used to write directly on the sensitive surface, driven perhaps, by the CAD output.

Mackintosh argues: "With its high capital costs and low throughput, electron beam lithography will generally only be considered for geometries of less than one micron (10^{-6} metre). Advanced optical techniques will almost certainly work to one micron, and by using deep ultra violet projection equipment, 0.7 microns may be possible."

It warns that the high cost of the machines—U.S.$2m—will rule out their use for volume products.

Other technologies waiting in the wings include X-ray microlithography where a source of X-rays, rather than UV light, is used to project images on the silicon surface and ion beam projection, where a beam of ions is focused through a mask on to the wafer resist surface.

Whichever technology makes its mark in the late 1980s, one thing is certain: the pressures to produce more complex chips at lower prices will continue unabated, driving the toolmakers to the limits of ingenuity.

WORLDWIDE SEMICONDUCTOR SHIPMENTS

	Shipments in $bn (% subtotal*)				Percent annual change		
	1979	1980	1981	1985	79-80	80-81	81-85*
DISCRETE DEVICES							
Small signal	1.91 (38)	1.98 (36)	2.06 (35)	2.62 (29)	4	4	6
Power	2.41 (48)	2.61 (48)	2.82 (48)	4.41 (49)	8	9	12
Optoelectronic	0.71 (14)	0.84 (15)	0.97 (17)	1.88 (21)	18	15	18
Subtotal, discrete	5.03(100)	5.43(100)	5.85(100)	8.91(100)	8	8	11
% Total semiconductor	36%	31%	29%	19%			
INTEGRATED CIRCUITS							
Analog	1.90 (21)	2.33 (19)	2.69 (18)	6.39 (17)	23	15	24
Bipolar digital	2.33 (26)	3.05 (25)	3.47 (24)	7.89 (21)	31	14	23
MOS digital	4.80 (53)	6.75 (56)	8.49 (58)	24.00 (63)	41	26	30
Subtotal, ICs	9.03(100)	12.13(100)	14.65(100)	38.28(100)	34	21	27
% Total semiconductor	64%	69%	71%	81%			
TOTAL							
SEMICONDUCTORS	14.06	17.56	20.50	47.19	25	16	23

*" Average annual compound rate. * Per cent shares may not add due to rounding

Source: Mackintosh International

Market more aggressive than ever

DISTRIBUTORS

ALAN CANE

WHILE THE full glare of publicity illuminates the latest device from the semiconductor manufacturers, the distributors languish in comparative anonymity.

Nevertheless, the distribution of electronic components is very big business indeed. According to Mr. John Walker, a past chairman of the Association of Franchised Distributors of Electronic Components (AFDEC) total sales in the UK of electronic components are about £1bn a year—of which distributors sell about 25 per cent.

It is, however, a comparatively heterogeneous industry sector. There are a small *number of large companies* such as the publicly quoted Electrocomponents (19891 high of 800 and low of 620, currently somewhere in the middle) or ITT Electronic Services, a division of the U.S. multinational, which claims to be the largest distributor of electronic components in Europe.

Then there is a long tail of small companies, some of them specialists in particular types of components such as microprocessors or discrete components.

Of these 250 or so smaller companies some are localised, some because of the nature of their specialisation distribute their products nationwide.

A straw poll of some of the leading distributors indicates retrenchment rather than disaster. According to Mr Walker: "The recession has touched the distribution business just like any other. From an average growth rate of 25 per cent or more annually, there has been a considerable slowdown.

"For many distributors, 1981 is going to look like a year of no growth whatsoever. For others, it may be 10 per cent or less."

He did not think any companies had been forced into liquidation because of the recession: "Certainly a few companies have gone down, but that is because of ordinary business errors such as over-trading.

"In fact, for many suppliers, if their stock position is under careful control, their cash position actually gets better during a recession. If a distributor is well stocked at the beginning, he simply burns off stock and improves his overall cash position."

Up and down

Mr. Walker thought the industry was no longer buoyant, but certainly not desperate, a view shared by Mr. Geoffrey Taylor, sales and marketing director of Hawke-Cramer.

Mr Taylor reckoned that after a poor first quarter (October to December) business had started to pick up but was now "going up and down. Prices and gross margins on products are down, at least in components such as microprocessors and memories, although development systems —the boards, chips and accessories necessary to develop applications for such things as microprocessors—are comparatively stable."

Hawke-Cramer and Rapid Recall have the distinction of being sole UK distributors for *the products developed by* Inmos, Britain's State backed semiconductor company.

At present the sole product is the 16K SRAM (a memory device which stores over 16,000 binary digits in electronic form and which does not lose its memory when the power is switched off) which seems to be going well. Hawke-Cramer has already sold out its first stock of the chip and taken delivery of a new consignment.

Interest is already high over Inmos' 64K DRAM, the device on which its ambitious business plans were to a large extent based. Still in the offing there is the first of its microprocessors, built and designed in this country.

Distributors sell to a wide spectrum of electronics users. The military is one of the major consumers of chips as are the specialists in making telecommunications devices, signal processors, radar and broadcasting equipment as well as the less serious end of the spectrum occupied by video games, and the like.

Mr Walker of Compstock warned that as margins tighten, the market place is becoming more aggressive.

He foresaw a situation where manufacturers would be in competition with their own distributors for orders as prices were forced down.

High investment despite fall in growth

DEVELOPMENTS IN THE U.S.

GUY DE JONQUIERES

WHEN YOU have to run hard just to stay in the same place, there is no such thing as standing still. For the brashly exuberant U.S. semiconductor industry, which has become accustomed to annual increases in its business of 25 per cent or more, that has been the problem of the past 18 months or so.

After enjoying strong growth in 1979, the industry went into a dip last year from which it has yet to re-emerge. Though production volume continued to expand, a weakening of demand induced by the recession led to sharp price falls which have been reflected in the poorer financial results reported by many leading manufacturers.

The most closely-watched barometer of the industry's health is the so-called book-to-bill ratio, which relates the value of new orders to completed deliveries. When the industry prospers, the ratio is greater than one-to-one. But since August last year, the three-month moving average ratio has remained below unity.

Even by the standards of a business which prides itself on having made technology cheaper every year, the slide in the prices of key components has been dramatic. The prices of 16-K dynamic random access memories (RAMs), widely used for the storage of computer data, have fallen to almost $1 each from around $5.50 at the start of last year.

The price softening has spread to new products. The latest 64K RAMs, each capable of storing more than 65,000 bits of information on a tiny silicon chip, are now starting to be sold in volume at prices about half or less than was predicted only a year ago.

The initial response of many Silicon Valley manufacturers was to maintain production in an effort to increase their market share. But in the past few months, most have started to pare back their output. Last Christmas, several companies took the unusual step of closing down production facilities over the holiday.

The consensus view in the industry is that the market has touched bottom. But the conflicting signals being emitted by the American economy and doubts about the impact of the Federal Reserve's credit squeeze make it extremely difficult to forecast when demand will start to recover strongly. In the near-term, most manufacturers are counting on new products to provide the main stimulus for any expansion of their business.

But in spite of the generally uncertain outlook, the industry's mood is far from despair. Investment is continuing at a powerful rate—total investment by the industry reached almost $1.4bn last year, well above the 1979 level, and only modest cuts are forecast for this year.

Silicon Valley is still haunted by memories of the last serious cyclical downturn in its fortunes, in the mid-1970s. Manufacturers are determined not to repeat their mistake then, when they savagely axed expansion programmes, only to be caught out by a sudden recovery in the market a couple of years later.

The level of investment has also been boosted by the sharp increase in the cost of plant and equipment needed to keep abreast of the latest production techniques. The rapid pace of miniaturisation in integrated circuits has called for increasingly sophisticated tools and processes to make them.

Over the past 10 years, the density of circuits packed on to the surface of a mass-produced silicon memory chip has increased more than 50 times. The next generation of memory chips, which will be capable of storing more than 250,000 bits of information, will extend the process still further.

However, during the same period, the cost of purchasing and installing equipment to make the silicon wafers on which chip circuits are etched has risen from less than $1m to more than $6m. By the mid-1980s, it is expected to be around $15m.

Another reason U.S. manufacturers feel they must push ahead with investment is their concern about competition from Japan. Penetration of the U.S. market by Japanese chipmakers, and claims that Japanese components are of higher quality than American ones, have been two of the hottest talking points in Silicon Valley over the past two years.

On the face of it U.S. fears may seem rather exaggerated. American manufacturers have merely slipped from overwhelming domination in the early 1970s, when they controlled more than 80 per cent of the world market, to leadership of a much bigger market today. They still account for about 60 per cent of worldwide semiconductor sales and about 70 per cent of the market for integrated circuits.

But, the Americans argue, these broad measures do not give a full picture. Japan has succeeded with dazzling speed in capturing strategic sections of the memory market, which provides the bread-and-butter business of many U.S. companies.

When American semiconductor companies were caught on the hop by the sudden upsurge in demand in 1978-79, the Japanese moved in. Supported by a Government-sponsored programme for the development of Very Large Scale Integration devices, they were able to fill the vacuum. Within a short period, the Japanese share of the U.S. market for 16-K RAMs shot up to almost 40 per cent from less than 5 per cent.

Silicon Valley insiders say the Japanese share has subsided recently (though so have component prices). But Japan is continuing to build on its success and is acknowledged to be equal with the U.S.—or even ahead—in some areas of memory technology.

Stiff competition is expected in the emerging market for 64K RAMs, and some U.S. companies believe the Japanese are deliberately cutting prices in an attempt to increase market share. There are also signs that the Japanese are about to step up their attack on the European market, long an American stronghold. Nippon Electric is building a chip plant in Scotland and Fujitsu has commissioned one in Ireland.

A number of leading companies are adjusting their product strategies in response to this challenge. Intel, generally considered the leading innovator in chip design during the 1970s, is moving away from a dependence on bare component sales and is increasingly emphasising "systems" assembled from a number of components mounted on a printed circuit board.

Earlier this year, Intel announced the 4-3-2, a microcomputer on a board claimed to have the power of a small mainframe. Programming has been simplified by building into the design a standardised "package" of systems software. The company has also launched a plug-in bubble memory pack and a device to protect against memory failure in computer systems.

National Semiconductor, the industry's biggest low-cost volume chip producer, is attempting vertical integration. Its National Advanced Systems affiliate, formed out of the wreckage of Itel, a former supplier of IBM-plug-compatible computers, is now supplying Japanese-designed computers.

But the industry argues that more will be needed if it is to remain in the lead during the 1980s. Dr Robert Noyce, vice-chairman of Intel and something of an elder statesman in Silicon Valley, has said that U.S. manufacturers will have to invest $2 to $3bn annually if they are to maintain, during the next decade, the record of technological innovation which they achieved in the 1970s.

The U.S. industry claims that Government support awarded to its competitors in Europe and Japan gives them an advantage. It also complains that Japanese companies enjoy special advantages in raising finance and are not required to produce the same earnings performance as Wall Street expects of Silicon Valley.

Led by Dr Noyce, the U.S. semiconductor industry is lobbying hard in Washington for changes in the tax rules to help investment. So far, there have been no concrete results, though manufacturers hope President Reagan's pro-business stance will help their case.

Consolidating strength in consumer markets

JAPANESE MANUFACTURERS

JOHN FUJII

THE JAPANESE electronics industry, while making a major thrust into high technology areas such as semiconductors, computers and office automation equipment, is steadily consolidating its strength in consumer electronics products such as video-tape-recorders (VTRs) and portable audio equipment.

The Electronics Industries' Association of Japan (EIAJ) reports that 1980 production of Y8.68bn (£19.6m), up 22 per cent over the previous year, "exceeded all expectations."

The report pointed out that the 1980s "began rather badly with many factors of uncertainties brought about by the Soviet invasion of Afghanistan and outbreak of the Iran-Iraq War. Tight supply and demand and sudden rise in the price of gold also came in the same period.

"Under such severe international circumstances, the electronics industry has enjoyed brisk market activities in all areas, including consumer electronic equipment, industrial equipment and electronic components. The scale of production has reached the highest level ever recorded."

Some of the reasons for this record growth was the high evaluation of Japanese products such as semiconductors, VTRs and audio equipment, plus large-scale investments in production facilities as well as in research and development.

Slow start

In semiconductors, the Japanese have come a long way. They were off to a slow start and were four or five years behind the Americans.

In recent years, however, growth has been rapid and the Japanese are rapidly moving into such international markets as the 64 kilobit random-access memories (64K RAMs).

The initial handicap was the lack of high technology and patents which were mainly held by the Americans. But most of these rights have since expired and have been largely replaced by cross-licensing agreements.

The main reasons for the Japanese advance in this field has been Japanese Government subsidies in research and development, growth in domestic demand for integrated circuits (IC), major investments by IC manufacturers, both in research and production facilities and finally an emphasis on reliability and qualiy.

There is a good reason why the Japanese have moved so fast in recent years. Almost all of the Japanese IC manufacturers are divisions or subsidiaries of big electric companies which can well afford to make long-range expenditures for R and D and equipment.

There are 11 semiconductor manufacturers in Japan, but the leaders are Nippon Electric, Hitachi and Toshiba. Other major companies are Fujitsu, Mitsubishi Electric Matsushita Electric and Oki Electric. A small number make only in-house devices such as Sony Seiko Watch, Nippon Gakki and Ricoh.

This contrasts with the U.S. where many semiconductor companies are small, although many "semicon" manufacturers are being merged or absorbed by industrial giants.

A market survey by Nihon Keizai Shimbun (Japan Economic Journal), disclosed that production of semiconductors, including ICs, will increase by 27.1 per cent over the preceding year to Y1,193bn in fiscal 1981 ending March, 1982.

Widening lead

The 11 Japanese manufacturers intend to spend Y195bn, up 15 per cent, on plant and equipment investments this year. Nippon Electric, the industry leader, alone plans to invest Y38bn, up 18.8 per cent followed by Hitachi with Y28bn, up 21.7 per cent.

The Japanese lead in 64K RAMs is widening, according to Dataquest, the electronics analyst, which estimates that the Japanese had about 60 per cent of the world wide market in 1980. This has widened in the first quarter of this year to about 70 per cent.

Japanese semiconductors are used mainly in the private sectors for electronic calculators, computers, television sets and audio equipment.

At one time, these products took 87 per cent of the total production. However, digital watches, toys, cameras, musical instruments, home appliances, automobiles and electronic office equipment have now increased their requirements. There is also new and growing demand for numerically-controlled machine tools, industrial robots and personal computers.

In Japan, sales of personal computers have continued to double year-by-year, compared to the annual gain of about 20 per cent for all computers. In 1980, sales reached Y40bn for personal units. Progress in LSI and semiconductor technology has permitted manufacturers to substantially bring down the selling prices for some personal computers.

It is expected that personal computer sales will continue to grow at an annual rate of about 40 per cent and reach Y100bn around 1985, according to market analysts.

The Japan Business Machine Manufacturers' Association predicts that the word processor business in Japan which amounted to only Y5bn last year, is expected to jump to Y50bn in 1985 and Y150bn in 1990.

Despite Japan's advances in computers, development of Japanese-language word processors have been slow mainly because the Japanese written language is so complicated.

Japanese-language word processors now cost between Y2m and Y3m but the demand is expected to accelerate rapidly as more and more Japanese corporations begin to realise the efficiency in processing paperwork. Along with the copier machines and electronic facsimile transmitters the word processor is part of future office automation.

However, according to the EIAJ, the largest share of the electronics industry or 53.5 per cent, is in consumer equipment which reached the Y2,000bn level in 1980. Increase in exports of consumer equipment played a major role in the growth of the Japanese electronics industry as a whole.

Colour television sets and video tape-recorders (VTRs) sparked the export boom in consumer electronic products. EIAJ said that Japanese production of VTRs totalled 2.26m units in the January-April period, or 2.2 times the same period a year ago.

Colour TV output in the same five-month period reached 3.73m units, up 13.3 per cent.

VTR exports jumped 117.8 per cent while domestic sales increased 84.8 per cent. Colour TV exports jumped 56.4 per cent, while domestic demand was down 1.6 per cent.

Japan produces more than 90 per cent of the VTRs in the world. Video tape-recorder shipments this year are expected to exceed 6m units worldwide, a big jump over the 4m units in 1980.

By 1985, annual demand is forecast to reach 14m units which represents a compound annual growth rate of 30 per cent.

Western Europe accounted for 1.3m VTR shipments in 1980 compared with over 800,000 in the U.S. and 915,000 units in Japan. Britain and Germany together accounted for 65 per cent of the European total.

Success

Perhaps the biggest surprise in recent months has been the phenomenal success in the international marketplace of the portable audio sets, best-known through Sony's "Walkman" unit.

Radio-cassettes have also been a growth area in the electronics industry. Actual production in 1980 reached 5.2m units. But perhaps the fastest-growing area has been this compact, lightweight and fashionable type priced at around Y40,000.

Sony introduced in 1979 the "Walkman," a $200 stereo cassette-player to be worn on a belt or around the neck and heard through lightweight headphones. Since then, it has become so fashionable that Mr Akio Morita, the Sony chairman, told financial analysts recently that Sony shipped 550,000 units worldwide in 1980 and expects to export more than three times that number in 1981.

Sony's "Walkman" faces competition, however, not only from other major Japanese manufacturers, but from other areas in Asia, in names, prices and styles.

EIAJ projects a number of technological developments: in colour television, sound-multiplex and electronic tuners will grow, while character broadcasting is a technology of the future. This is being developed in Japan as the "Captain"—character and patterns telephone access information network system.

ELECTRONICS INDUSTRY IV

Nationalisation the biggest issue to be faced

PROGRESS IN FRANCE

DAVID WHITE

WHEN the curtain came down abruptly on the Giscardian political era, the electronics sector had been occupying much of the limelight on the French industrial stage.

The Government's ambitious handling of the scenario had attracted a lot of attention abroad—its allocation of huge resources, its way of working with the big private groups in re-organising the industry, and its bid, through a series of U.S. links, to make up France's critical lag in the key business of components.

There is no indication that the new Socialist administration, although it is more committed to a broad industrial base than to the "picking winners" strategy favoured by the previous government, will afford any less importance to this key sector. But there are a number of important questions to be raised and decisions waiting to be made—enough for the industry to be in a state of considerable apprehension.

The biggest looming concern is the nationalisation issue, and it may be for some time. It has become clear that the Socialists will not go about nationalisation hastily and that companies such as those involved in electronics are unlikely to be the first on the list. But the two big specialist electrical groups, Thomson-Brandt and CGE, and the computer concern now known as Cii Honeywell Bull have been on the shortlist ever since the Common Programme of the Left, in 1972.

The argument in favour of nationalisation, which partly resides in the degree to which companies use public funds, was reinforced by an Economics Ministry report early last year, in which these three companies featured in a privileged circle of nine concerns which between them, ate up 58 per cent of Government subsidies to industry.

The most important newcomer to the industry, Saint Gobain, which has taken control of Cii Honeywell Bull and become a leading agent of French policy in the sector as well as a big shareholder in Italy's Olivetti, is also on the nationalisation list.

The issue proposes potential problems in-so-far as foreign partners are concerned — both Western industrial partners such as Honeywell Information Systems and important client countries such as Saudi Arabia, to whom nationalisation is anathema.

Thomson-CSF, for instance, the electronics and communications branch of Thomson-Brandt, relies heavily on military contracts in regions such as the Middle East.

The other rising giant in the industry, Matra, is equally threatened with losing its basic missile activities under nationalisation of the arms industry, and with it a main source of profit and a support for its research activity.

The logic behind the Socialist programme is not to create monopolies —there is going to be no new monster called Electronique de France—but to rationalise structures and develop specialisation. To a large extent, however, this rationalisation has already taken place — the move into the modern telephone sector a few years ago, with Thomson taking former foreign interests under its wing, and, now that the domestic need has been mainly fulfilled, diversification into new areas.

Thomson-CSF, criticised until recently for basking in its traditional favour with the Government and being slow getting into the new télématique field, has re-organised and put a new man in charge of its telephone and computer sides: M Jacques Darmon, a former civil servant, recently a trouble-shooter at the Boussac textile group before he disagreed with the new owners.

CIT-Alcatel, the CGE telecommunications unit, whose acquisition of the UK Roneo office equipment division, confirmed its vocation for this sphere of electronics, has changed its structure to put its new interests together in a separate organisation from its public telephone activity.

Restructuring has also taken place at Cii Honeywell Bull, which after years of being subsidised by the Government, produced a profit of FFr 180m ($32m) last year. M Alain Minc, co-author of a famous study on the impact of computers on society, has been put in by Saint-Gobain as deputy general manager in charge of finance. The company recently bought a minority stake in a specialised U.S. components concern, Amdahl Computer Systems, with the aim of securing greater independence in supplies.

The most important French experiment in télématique—the field in which television, telecommunications and computers overlap—is about to go ahead at Velizy, near Paris. The new Post Office Minister, M Louis Mexandeau, has given the go-ahead for the 18-month testing period of Teletel, an "interactive videotex" system, the pride of Direction Generale des Telecommunications (DGT).

Big export hopes are attached to this first large-scale experiment, which will involve 2,500 households providing a variety of banking and commercial services. The same goes for the electronic telephone directory experiment due to take place in eastern Brittany, for which the CGE group is due to provide 300,000 terminals.

However, M. Mexandeau, anxious to do away with the previously somewhat high-handed approach of the DGT, has promised to hold a wide-ranging public debate, including in Parliament, about the implications of these systems.

In contrast with similar British and West German experiments, consumer associations are not so far represented in the Velizy project. The experiment will be used to test the degree of acceptance by the general public. The minister, meanwhile, has indicated that this system will not be the only priority in the field and that he plans to develop public telematique services for use, for instance, in post offices.

In semi-conductors, the new Government has to make the final decision on a second "Components Plan." The first element of this is already in place with a new agreement between Intel of the U.S. and the Franco-American Matra Harris, allowing the latter to widen its range of micro-circuits.

The original plan, launched in 1978 with FFr 600m of direct subsidies and a further FFr 400m from other Government sources, involved research, two projects for bipolar circuits and a three-pronged effort in MOS circuits: Matra's link with Harris, another between Thomson and Motorola, together with the French Atomic Energy Commission, and a third between Saint-Gobain and National Semiconductor.

More urgent is a solution for the troubles of France's only small computer specialist, Logabax, a company that broke new ground in the late 1960s, grew rapidly, became bogged down in financial charges, filed for bankruptcy and is now undergoing judicial settlement procedures.

The company, which employs 2,000, narrowly escaped bankruptcy last year when the Government helped in a FFr 240m rescue plan mounted by a consortium of banks and the main shareholder, Electrobel of Belgium. The plan had been to merge Logabax with the computer side of another venture, Intertechnique, controlled by aircraft manufacturer M Marcel Dassault.

The Government also has to find a response to Cii Honeywell Bull, which has come back to ask for fresh aid—FFr 900m a year to back its plans in the field of office equipment, where, through the good offices of Saint-Gobain, it is due to co-operate with Olivetti.

A further question the Government will have to deal with is that of the planned linkup in video equipment between Japan's JVC with, among other European manufacturers, Thomson—a move that goes counter to France's previous strategy vis-a-vis Japan. Similarly Matra, having abandoned a bid for a Franco-German challenge in the watch industry, is seeking a deal with Japan's Seiko.

The new authorities have been handed a situation in which, on the one hand, they are threatened with breaches in France's independent stance towards Japan and, on the other, are faced with a line of companies competing for state funds.

Questions about long-term strategy

DEVELOPMENTS IN THE UK

GUY DE JONQUIERES

THE PAST 12 months have been eventful and strenuous ones for Britain's electronics sector. Public debate on the industry's development has been dominated by two major issues which have put the Government on the spot, and raised significant questions about the longer-term strategy which the country should follow if it is to hold its own in an increasingly competitive world market.

The first was the decision by the Cabinet, after seven months of soul-searching, to proceed with the second stage of funding for Inmos, the state-backed microchip venture. The second was the dramatic reversal in the fortunes of ICL, Britain's only big computer manufacturer, and the Government's role in its subsequent rescue.

Inmos was established by the last Government in 1978 in a belated attempt to breed an all-British winner in the world microelectronics race. Its objective is to carve out during the coming decade a major share of the world market for mass-produced "standard" memories and microprocessors.

Short supply

Inmos was conceived at a moment when several widely-used types of standard chip were in exceedingly short supply. It was thought then that this situation might well continue for some time, and supporters of the project made much of the strategic importance of Britain acquiring its own indigenous source of semiconductor design and production technology.

Since then, the shortage has turned into a glut. A number of foreign semiconductor companies have also established production facilities in the UK. Half-a-dozen U.S. manufacturers have plants here and Nippon Electric of Japan is building a sizable chip plant in Scotland.

Backers of Inmos argue that these are only satellite operations, and that the really advanced technology remains in Silicon Valley or Osaka, where it is not readily accessible to outsiders. Inmos, they claim, will provide a source of up-to-the-minute know-how to be drawn on by British equipment manufacturers.

Inmos' strategy relies heavily on a calculated gamble. Its founders, headed by American venture capitalist Dr Richard Petritz, believe they can break into the market by using the most modern production techniques to manufacture advanced integrated circuits.

Initial development work is being done at the venture's U.S. factory in Colorado, which has already started production of its first product, a 16-K static random access memory (RAM). Last autumn, ground was broken at the site of its planned British plant, in South Wales. The plant, financed by the second £25m grant approved by the Government last summer, should enter production at the end of this year.

Inmos aims to turn a profit by 1983 after losing £5.8m last year. But in spite of the substantial public investment in the venture, likely to exceed £85m, doubts remain about its prospects of breaking into the big time.

Sceptics point out that the industry is already crowded with big competitors — more than two dozen U.S., Japanese and European companies are already fighting over the "standard" chip market. They also wonder whether that market will provide, during the 1980s, the same fabulous rewards avail-

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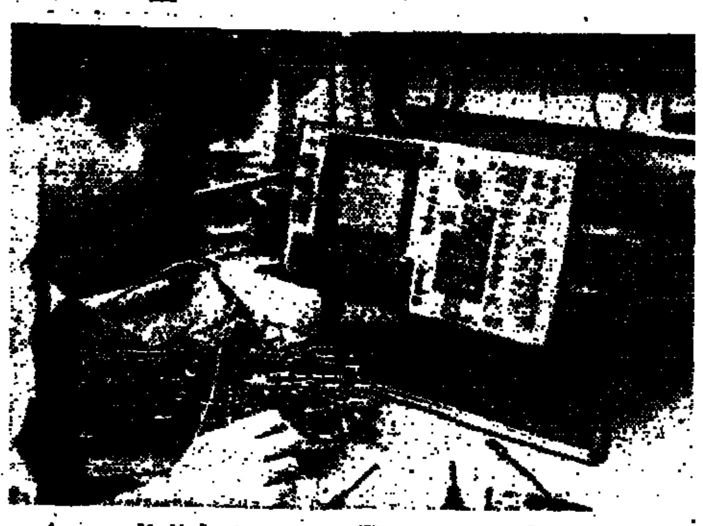
ELECTRONICS INDUSTRY V

Manufacturers face demands for more speed and flexibility

TESTING AND MEASUREMENT

GEOFFREY CHARLISH



A new digital storage oscilloscope (model OS4040) from Gould Instruments of Essex combines 25 MHz real-time performance with 10 MHz sampling rate, extended storage and split-trace facility

A COUPLE of decades ago, testing and measurement was a *similar propostion whether* it was encountered in design, production or after sales servicing. The basic ingredients were multimeters, signal sources, oscilloscopes—and men.

It was the onset of digitisation in the industry that began to throw up new problems. The computer industry had coped since its wartime birth with in-house equipment to test its products which, by today's standards, were childishly simple.

Then the integrated circuit burst upon an astonished industry in 1960 and the automatic test equipment (ATE) industry was of necessity born with it. This year its turnover can hardly be less than $900m world wide.

In conventional testing terms the integrated circuit posed an obvious problem—large numbers of *previously accessible* test points had disappeared into a little black box not much bigger than a liquorice all-sort.

Today the level of complexity has become so great that only a small army of technicians *working flat out all day could* hope to cope with a modern printed circuit board using conventional instruments at the end of the production line. Such boards in the larger sizes used in computers and in some office equipment hold several hundred components and can be worth £3,000 each. Each of the components might represent many *tens of thousands of the discrete* transistors common in the '60s. The testing problem is so complex that it can only be dealt with by a computer.

However, all this has hardly affected the prosperity of the conventional test and measurement industry which busily supplied development laboratories and service engineers with instruments to the tune of about $2.5bn in 1979 alone. Some entirely new areas have appeared, such as *microprocessor* development systems, worth about $250m in 1979.

The research company, Dataquest predicts that the total market for all test equipment by 1984 will amount to over *$7bn and puts growth rates in* the region of 20 to 25 per cent a year.

In the front line of the testing problem are the semi-conductor manufacturers who need rapid, cost-effective means of producing fault-free products. The big electronic equipment makers also have an increasing need to test incoming integra*ted circuits as well as* cope with their own printed circuit board finished products.

The result has been the emergence of a dozen sizeable companies, mostly U.S.-based, and perhaps eight or nine categories of test equipment ranging from relatively simple bench-top units for a few thousand pounds up to highly intelligent testers that cost over *£250,000*.

The big names in ATE are Schlumberger, which now owns both Fairchild and Britain's Membrain in Dorset, Teradyne, GenRad, Hewlett Packard and Tektronix. They are competing *in a market which by 1984 could* be greater than $1,600m, according to Dataquest. But the current slowing in semiconductor sales growth induced by the recession is bound to be reflected in ATE sales and the three market leaders—Schlumberger, Teradyne and GenRad are now locked in battle.

Difficulty

The basic problem facing the integrated circuit makers is *that the cost of testing each new* high volume device grows with its complexity while at the same time the price per piece tends to drop. Thus, maximum flexibility and speed of testing is the objective, while test quality must be maintained.

Dataquest figures show that last year LSI (large scale integration) testing accounted for the largest segment of equipment sales ($175m) followed by memory testers ($110m). Small and medium scale linear and discrete component testing clocked up a further $100m of business. Fairchild, Teradyne, *GenRad, Tektronix* and LTX are the main companies in this area.

New challenges appear for these manufacturers all the time and are helping to keep up sales in a market that is not *quite as buoyant as in the 1975*-1979 period. They include 64k random access memory (RAM), 16 and 32 bit microprocesses, and bubble memories—so the semiconductor test industry has to stay on its toes.

Board testing, which accounts for about 45 per cent of the ATE equipment made, falls into two main segments: functional testing in which, in effect, the board is plugged into its operational socket, is exercised electrically and the results observed; and in-circuit testing in which contact is made to every component on the board using a "bed of nails" on which the board is pressed so the value of each component can be measured (for analogue circuits) or logical truth tables can be applied in the digital case.

After in-circuit tests, which are aimed chiefly at verifying components and their correct assembly, many bigger companies will use functional testers in which the operator is able to move around the circuit with probes, aided by a computer and a VDU (visual *display unit) to isolate* problems that the in-circuit tester would not reveal.

As a result combined in-circuit and functional testers are being offered by several makers.

There is also a rather smaller market for equipment that tests back-plane wiring of computers and interconnections.

Britain's leading light in board testing is ten-year old Membrain of Wimborne, Dorset, now part of the Schlumberger group. Another leading UK company is Marconi Instruments of St Albans, Herts, part *of GEC*.

But Fairchild, Fluke, GenRad, Gould, Hewlett Packard, Racal, Teradyne and Zehntel are all active in this area.

In the non-commercial area, makers of defence equipment have usually had to develop their own equipment: British Aerospace, Marconi Space and *Defence, Plessey and Racal* are all in this category. For example, for the big Ptarmigan battlefield communications system automatic field testers have had to be designed.

Much older established if a *little less exciting* is the electronic measuring equipment market which since the 1960s has undergone evolution rather than revolution.

The influence of digital electronics has once again been a major factor. Measuring instruments with a pointer and a dial is now something of a rarity *and for high accuracy tends to* be expensive. The light-emitting diode with its bright red—but power hungery—numerals took over the so-called "digital display."

But the LED is fading in the *light of the LCD (liquid crystal* display) which consumes very little power and so makes battery-driven portable instruments a better *proposition*.

The crucial development though, has been immediate *conversion* of the measured quantity — voltage, current, *frequency*—to its digital equivalent (strings of pulses), enabling all the subsequent processing to be "computerised." It was then not long before all the required circuitry for a multimeter could be put on a few chips, radically altering the price structure in the instrument business.

It was soon realised that, with the instrument's measurements in digital form, they could *easily* be transmitted elsewhere and conversely, the instrument could accept instructions from somewhere else. Nowadays there are standard protocols for this (the one backed by the IEEE in the U.S. *is most common*), so collections of instruments can be made to work together in complex test set-ups. A computer can then be programmed to order any sequence of tests and collect the results.

Although ATE for chips and boards has attracted much attention because of its newness and growth, laboratory and field instruments in electronics will probably still account for over 65 per cent of the estimated $8bn total electronics test market predicted for 1984. Hewlett Packard, Tektronix, Gould, Fluke, GenRad, and *Britain's* Marconi *Instruments* and Racal will all be there.

Future strategy

CONTINUED FROM PREVIOUS PAGE

able during the past decade.

Some argue that Inmos—and British industry generally — *would do better to focus on* more specialised sectors of the market, notably the production of so-called custom and semi-custom chips. Unlike standard integrated circuits, these are tailored to the needs of a particular user or application.

Ferranti, which pioneered semi-custom designs, has enjoyed considerable success *with its so-called* uncommitted logic arrays, on which the final layer of circuitry is designed for a specific application. U.S. manufacturers are becoming increasingly interested in this field, and it is estimated that *the market* for semi-custom components could exceed $1bn within a few years.

It is also debatable whether British industry's slowness to use integrated circuits is due to a scarcity of indigenous technology or, instead, to ignorance about the devices' capability.

It is arguable that, in terms of spreading knowledge about *the practical application* of the chip to manufactured products, Inmos is a less effective instrument than the Industry Department's Microprocessor Applications Project or its companion MISP scheme established in the late 1970s.

Some of the same questions about competing in the world high-technology market which *arise from the* Inmos project are posed in a different context, by the debacle at ICL. Formed out of a Government - inspired merger of several independent companies in the late 1960s, ICL was originally conceived as Britain's best *hope in the inter*national commercial data-processing field.

Export record

At the time, it appeared that Britain needed to concentrate its resources in one large company if it was to take on the big U.S. manufacturers led by International Business Machines. Backed by public support for its research and development and by a preferential procurement policy, ICL was encouraged to think of itself as the Government's privileged supplier at home and as the flagship of UK computing overseas.

For a number of years the formula succeeded. ICL captured and held more than a third of the British market—the only European computer company to match IBM's share of its home market. It also achieved a commendable export record, generating almost half its turnover overseas.

The collapse in the company's profits in the second half of last year, followed by a £20m loss in the first quarter of this year, took the City by surprise. But neither its banks nor its institutional shareholders were prepared to help pick up the pieces, and it was left to the Government to step in, first by extending a £200m loan guarantee and more recently by insisting on a change in ICL's top management.

The company has blamed its problems chiefly on the effects of high interest rates, the strong pound and weak demand in Britain. *It has been particularly* vulnerable to these factors because its operations were geared to the expectation of a high level of growth.

Broad range

However, outside critics also fault ICL for not adapting its product strategy to changes in the world computer market, a view also shared by its new management. They claim that it remained committed for too long to competing across a broad range of general-purpose data-processing equipment, in rivalry with IBM and, increasingly, the Japanese.

Too much of ICL's scarce research and development resources were spent on developing its bigger computers and, in particular, on getting the complex programming needed to make *them function* properly.

By stretching itself too thin, the company failed to exploit fully opportunities in new markets, particularly office automation communications. The *success of its new* ME-29 small computer, more than 1,000 have been ordered, also suggests that ICL would have fared better if it had concentrated more of its efforts in minicomputers.

ICL's new managing director, Mr Robb Wilmot, who was plucked from a dazzling career at Texas Instruments, believes the company's present product range should be retained but extended through the addition of new types of equipment and technology.

However, he clearly envisages *a development path different to* that followed in the past. Limitations on ICL's resources will prevent it from developing all the products which it needs by itself, and Mr Wilmot intends to negotiate link-ups and joint ventures with partners offering complementary skills.

This is an approach being taken *increasingly by some of* the bigger U.S. computer companies, who are facing increasingly tough competition from IBM. The moral would appear to be that future survival will depend on an ability to seek out niches in the world market and exploit them by means of selected alliances.

Important advance by Thorn-EMI in UK television industry

WHEN HITACHI, the Japanese company, first tried to manufacture televisions in Britain, it met with a fierce wave of opposition from the unusually combined forces of unions, companies and politicians.

After its successful rebuff more factories were closed, anyway. The list of closures has continued even after Hitachi finally returned to the welcoming embrace of GEC with whom it has a joint-venture in making television sets. Last year, Philips, the Dutch electrical giant, announced the impending closure of its factory at Lowestoft and the consolidation of all its UK television set production in Croydon.

Last year, Rank-Toshiba, another Anglo-Japanese joint venture collapsed, with jobs lost in Plymouth and Cornwall. Toshiba has re-opened the Plymouth factory, but employing many less than before.

Thorn-EMI, however, has had a notable success with its new range of television sets, based on the TX9 and TX10 chassis. Even the tiny British company, Fidelity, best-known for its mid-fi audio equipment and radios, practically saved itself by going into small black and white televisions last year. This month, Fidelity has promised that small, colour television sets will also be available.

The old Decca name will live on, but the sets will be made by the Taiwanese company, Tatung at the Bridgeport factory, Shropshire, in premises it has just bought from Racal.

Clive Sinclair is to launch a tiny flat screen pocket television for £50, next year. It will be made by the Dundee subsidiary of Timex, the U.S. corporation.

The major advance for the British television industry has been the new chassis for Thorn-EMI, which made it internationally competitive. The manufacturer has been criticised for being late to change to more modern designs and production methods — perhaps because the company was cushioned by its comfortably large rental base.

The Thorn-EMI project cost £13m and involved considerable re-equipping of its factories at Gosport and Enfield. The production and testing of equipment has been significantly automated. The number of components in each set has been reduced by about 30 per cent on the previous model and there is just one printed circuit board, where there was six before.

As the level of sales of television sets in Europe remained fairly constant for the past year, despite the recession, a small growth is expected over the next five years. The gradual increase of teletext, the system of broadcasting pages of information which can be seen on specially-adapted sets, and of viewdata, which connects a TV set to a central data computer via an ordinary telephone line, will be a demand at the very top of the range.

The advent of satellite broadcast television, the growth of the home computer, video games and numerous other functions are likely to make the television a more central part of the home, but perhaps more as a terminal, than as a broadcasting receiver.

JASON CRISP

Automation brings further rapid changes

MANAGEMENT AND UNIONS
JOHN LLOYD

THE ELECTRONICS revolution was a curious phenomenon. It burst upon the UK—and many other countries—in the late seventies: television programmes were made about it, newspaper and magazine articles and books were written about it, the Government began an extensive campaign of publicity about it, the trade unions issued pamphlets to their activists telling them how to bargain for it, companies sent their executives on increasingly expensive courses to learn about it . . . and then it disappeared.

It disappeared, according to most observers, sometime in late 1979. While agreeing on the time, observers are split on the reasons for the disappearance. Some believe it was the election of a Conservative Government in May of that year, committed to letting the market—in electronics as well as everything else—dispose, and thus ceasing to make any fuss about it. Others believe the public had had enough of the microchip and its wonders. My view, however—without in any way dismissing other explanations—is that the widely announced effects of electronics in the workplace ceased to be so widely announced when they began to widely happen.

As often, real events are less easy to spot than much-heralded ones. However, there is a growing body of evidence that there has been a pronounced acceleration in the rate of technological change in work, and that this change is largely, though not wholly, due to increased automation or computerisation of production equipment through advances in microelectronics.

It is as well to put on record the fact that technological change has had a continuous history of some two centuries, and that in our century it has been rapid and pervasive. It is thus misleading, if convenient, to describe as a revolution a process which is an essential part of advanced societies' existence.

In the past three decades, however, automation in the office and the factory has replaced labour with capital equipment at such a speed and in such a way as to mark a pronounced break with previous work methods, broadly describable as "Taylorist" after the U.S. social engineer, Frederick Taylor. In short, much production line labour was actually or potentially replaced with automated equipment: and it is this, relatively recent, process which microelectronics is hastening.

Though the unions in the UK and in the U.S. debated automation (in the mid 1950s in the case of the UK's TUC), it was felt that alarm about its job-displacing effects would be misplaced. While there had been scare stories, the actual experience of workers had not been that automated equipment destroyed jobs, but instead often created more jobs. Where new automated equipment came in, as in steel mills, unions could and did conclude agreements which set manning levels in excess of the required number. The TUC adopted a posture of cautious welcome to automation, one which it held until the late 1970s.

Great strain

That posture is now under great strain, as the first signs of what are likely to be dramatic job losses in a number of sectors directly due to the application of new technology become evident. These include:

● The signing of a plethora of new technology agreements, especially in white collar areas. Many of these are essentially health and safety agreements, under which the use of visual display terminals are controlled. Others involve regrading and maintenance of earnings after downgrading, productivity schemes, training and retraining, new consultation procedures and—often —redundancies. Many of these are local agreements signed by plant management and district officials: many will be signed, on the union's side, as the best of a bad job when redundancies threaten. None that I am aware of measure up to the checklist of points negotiators are meant to secure under the TUC's document "Employment and Technology (1979)."

● There is substantial demanning in high technology industries, including the telecommunications plants of the Post Office's main three suppliers, (GEC, Plessey and STC); Britain's main computer company, ICL; Thorn and other manufacturers of consumer electronics: at Rank, Decca, Ferranti, Lucas, Smiths Industries and others. At the same time, those companies—like BL and other car companies — which are retooling with automated equipment have also shed large amounts of labour. Because of the recession, particularly sharp in the UK, it is not possible to disaggregate labour shed through loss of markets and labour shed through its replacement by capital. However, it is beyond question that technological displacement is taking place under the cover of recessionary unemployment.

● Where new plants start up they do so with many fewer employees manufacturing the same or higher output. A particularly graphic example was furnished earlier this year at the old Rank TV plant in Plymouth where the Rank/Toshiba partnership had employed 2,000 workers until later 1980 turning out 100,000 sets a year. With the market dropping Rank pulled out of the partnership and the plant was closed—only to be re-opened by Toshiba with less than one-sixth of the workforce (300) producing more than half the previous number of sets—with the capacity to produce more without extra manning. Again—another Japanese example—it is assumed that if and when the new Datsun plant is sited in the UK, the output per employee will be a considerable improvement on current UK practice.

● Skills are changing and adapting to new techniques. Typically, workers are either deskilled—that is, a skilled lathe operator becomes largely an inactive supervisor of a machine once his lathe is replaced by a numerically-controlled machine—or forced to "climb the skill ladder" as electronics demands new training. These can cause disputes, as that between the Electrical and Plumbing Trades Union and the white-collar union ASTMS at Plessey's Liverpool telecommunications plant: there, the electricians were trained up for software jobs which had been the preserve of the white-collar union, and dissension has resulted. It is the tip of a largely unseen iceberg.

These signs point to wide-scale changes which are in their early stages. The most graphic testimony to these changes must lie in the unemployment figures, or part of them: it also lies in the growing numbers of middle-aged skilled workers whose skills are a glut on the market, and on underqualified school leavers whose simple muscle power is no longer required. Technological change is a major reason why social scientists, union leaders and politicians are discussing whether or not advanced societies must abandon the concept of full employment as it is now understood and plan for partial employment for all, interspersed with increased education or—after Professor Ralf Dahrendorf—a period of "national social service" for all.

The management of technological change at plant level does not normally bear the broader social issues in mind. While few managements actively wish to create unemployment, cost pressures increase the attractiveness of, or the necessity for, redundancies. At that level, the most which can be achieved is agreement on the introduction and pacing of change through new technology agreements, a process which is becoming more and more widespread. Beyond that, training and youth opportunity schemes at national level cope with some of the young unemployed problems. The larger problems attendant upon wide-scale change remain.

Fierce price-cutting war among retailers

AUDIO ELECTRONICS
DAVID CHURCHILL

AUDIO EQUIPMENT has been one of the major casualties of the economic recession so far. While consumers will willingly buy video equipment, at present—most shops report a consistently heavy demand all through this year—consumers do not seem so prepared to spend the same amount of money on audio equipment.

Consequently, the retail market for audio equipment is now in the midst of some fierce price-cutting as retailers try to shift stocks to make way for the next generation of equipment.

The rapid growth in electronic technology in recent years has, in fact, been one of the problems for the industry. The life-span of most audio equipment is at least several years—but in order to keep production lines fully occupied and to recover development costs, the industry is forced to persuade consumers to update their equipment as often as possible.

In a recession, however, most ordinary hi-fi listeners can manage to stay with their "outdated" equipment, simply because they cannot afford to buy new equipment for a very marginal increase in sound quality.

Even the most ardent hi-fi buff is also seeming to have doubts about keeping up with all the latest developments in equipment—either because he cannot afford to change or because he feels that changes are being made just for the sake of change.

However, the recession apart, the impact of developments in electronics in recent years has radically altered the shape of the audio equipment market. Better quality sound equipment is now being made for a much wider audience because the technological developments have brought some prices down to within the mass market range; equipment is also more suitable for the average consumer (i.e. the specialist knowledge once needed for constructing a hi-fi system discouraged many less-informed people from buying).

Market research has shown that nearly three-quarters of all households throughout the UK own a record-player of some description, with homes in the Midlands and East Anglia recording the lowest figures among the regions.

However, by social class, there is a distinct bias towards the higher socio-economic brackets. Well over 80 per cent of households in the AB, C1 and Cr socio-economic groupings own record-playing equipment, compared with under 60 per cent in the D and E groups.

The traditional record-player —with turntable, amplifier, and speaker incorporated in one box —has completely lost its dominance in the record-playing market. Sales of these traditional box-type record players have been falling steadily for years. Initially they were hit by the growth of radiograms and then, in the 1970s, by the development of separate unit audio equipment.

Packaged audio systems, of which the great majority are music centres, accounted for about 80 per cent of all stereo systems sold in Britain last year. In terms of value, however, packaged systems represented only about two-thirds of the market, reflecting the higher prices for separate audio equipment.

Music centres, however, are widely regarded within the trade to have reached a plateau in terms of sales, with growth now coming almost entirely from the separate equipment sector.

Racking systems

There have been two main technical factors which have speeded the growth of the "separates" market. First, there has been the development of hi-fi racking systems in the past two years which have satisfied the need for equipment which combined the quality of sound reproduction and the flexibility of separates with the convenience of music centres.

Secondly, has been the impact of micro-technology which has enabled equipment to be made that much smaller and so fit more easily into an average-sized living room.

Although fierce price competition at present makes the audio sector something of a buyers' market, buying equipment is still confusing for most people. The Consumers' Association, in a recent report, commented that "you will have to be prepared to work hard to seek out really compatible hi-fi: few of the shops we visited offered really competent demonstrations, and you may not find all the brands you want to compare all in one place."

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Hugh Routledge

"... and then the news arrived that President Reagan had suffered a relapse from his gunshot wounds . . ."—getting a taste of crisis management at Marine Midland

How to ride the currency seesaw

BY DAVID MARSH

IT WAS a hectic afternoon on the foreign exchange dealing floor. Waves of dramatic news were washing into the market via the banks' international communications systems: the West German central bank president had resigned, unemployed Britons were rioting in Liverpool and Bradford, and U.S. interest rates had shot up to 25 per cent.

On top of all that, reports were coming in of a cut in Saudi Arabian oil production and Soviet troop movements on the Polish border. Then the news arrived that President Reagan had suffered a relapse from his gunshot wounds.

This string of sensations—which sent the dollar to DM 2.63 from DM 2.39 within the space of one afternoon—was unleashed on an international group of confused company treasurers closeted around a back-room table in a London bank last month.

The flood of news, of course, was not real—although it could have been. It was all part of a one-week treasury management course for corporate clients run by the London branch of Marine Midland Bank, the New York-based bank controlled by Hongkong and Shanghai Banking Corporation.

The course aims to give companies a better insight into the *workings of violently* fluctuating currency and interest rate markets.

Swinging rate movements now have a big influence on companies' profitability—and *sometimes* on their survival.

"With current volatility in markets, exchange and interest rate exposure is of greater importance than ever," says David Pinchin, Marine Midland's vice-president in charge of the course.

The bank's teach-in costs $1,750 for a week of theoretical and practical tuition on how the foreign exchange and Euro-currency markets can be used to help companies hedge trading risks.

In essence, companies learn *how to adjust the mix of their currency assets and liabilities* in line with patterns of import and export payments, and with trends on the foreign exchange and credit markets.

During the currency turbulence of the past year, for example, companies running high interest dollar debts would have done better to switch borrowing to D-Marks. They would have profited not only from lower German interest rates but *also from the D-Mark's decline* against the dollar, which would have reduced the value of the liability.

Exposure

Companies can also learn how to use the forward foreign exchange markets in order to pre-determine the exchange rate for import and export transactions taking place in, say, six or 12 months' time.

Pinchin, a *34-year-old* live-wire Welshman, says British companies have more reason than ever to learn about the financial tools available. "Now that exchange controls have been removed, they no longer *have an excuse* for not managing their foreign exchange exposure."

Among UK companies which have taken part in the course, Marine Midland has tutored British National Oil Corporation, British Caledonian, Commercial Union and Carrington Viyella.

On last month's course, however, *all the* participants were from abroad.

Out of the group of 10 at the aternoon session — which the bank calls its "simulated trading game" — eight were finance managers from companies in Brazil, Denmark, Finland, Korea, Norway, Sweden and Switzerland. Two of Marine Midland's own staff were also sitting in as part of their *training*.

The session is designed to give finance managers first hand knowledge of the frenetic psychology of the exchange markets. "It sharpens the mind," says Pinchin.

The group was split into five teams of two who were instructed to deal around the table with each other in dollars, D-Marks and sterling.

The fictional market-moving news flashing in across the wires and *video-screens is called out* deadpan by Marine Midland's Bob Hall, who used to be a real-life foreign exchange dealer.

"Why now?" mutters despairingly the Korean finance director as news of the Bundesbank resignation sparks off a wave of DM selling and a flurry of activity around the table.

Stressing that his main aim is to give an idea of the sometimes irrational psychology of the marketplace, tutor Hall tells his students: "It's not how the market should react, it's how it does react that we're trying to teach you."

Reward

At the end of the day, the trainee dealers add up their profits and losses. The team consisting of Jørgen Christensen, investment manager at Nordisk Reinsurance of Denmark and Linda Dunn, one of the two Marine Midland participants, has made a profit of $46m. The others turn in small profits or large losses.

Trusting in the device of dealing big, the winning team has the good fortune to buy $250m (a much larger amount than the others were dealing in) just before the D-Mark is devalued by 10 per cent. As a reward, the lucky duo are each presented with a small silver cup.

Marine Midland has been running its treasury management courses since 1978. It has played host to 70 companies so far, with no more than a dozen participants at a time, with the largest numbers coming from the UK, Scandinavia and Switzerland.

That is only a modest total compared with the 600 who have participated in corporate foreign exchange programmes run by Bank of America, for instance.

But Pinchin thinks his bank has an advantage over some of its other American competitors in this area. "We look at foreign exchange from a European perspective—we don't just look at the dollar base."

Cup-winner Christensen, for one, thinks the course was worthwhile especially in teaching the principles of liability management. For years, Danish companies have simply relied *on converting* all their foreign borrowings into kroner and making a profit out of higher Danish interest rates, he says.

This year, following the fall of the krone against the dollar in particular, they are running *into trouble* because of the rising value of their liabilities and more sophistication is needed.

Christensen is looking forward to displaying back home the knowledge he's picked up. "When I get back," he grins, "*I'll call up my bank and ask* them what the rate is for a one month dollar/D-Mark swap. They'll be surprised."

Expatriates: the comparative attractions of hard cash and the quality of life

MONEY has become a relatively less important factor in maintaining a mobile and satisfied workforce of expatriates. An individual's ambition, it seems, is being increasingly tempered by considerations such as the quality of life, the family — and even the career of one's spouse.

So says John Trimmer, the head of management and expatriate remuneration at Shell International Petroleum, which employs about 4,000 expatriates from more than 50 different countries. According to Trimmer, it is becoming harder to *move staff* and still ensure that they remain with the company.

In a paper given at a recent international conference on work and pay, which has just been published in a special edition of *Management Decision**, Trimmer says that up to now there has always been a ready acceptance within companies of expatriate service.

The motivation, he says, included factors such as the expectation of better promotion prospects, greater job satisfaction, earlier independence and authority, the challenge of travel and escape from poor economic conditions at home.

In all this, he says, money was of great importance since it provided the essential material reward of an enhanced standard of living and savings. But "the position has changed dramatically in recent years . . . while the old motives remain, they have been overlaid by many complex factors, most of which have tended to influence mobility and stability of employment adversely," and hence have an effect on the kind of reward and compensation needed.

The factors include the higher standards of living in the home countries of most of the expatriates working in third countries for European and U.S. companies, and the widening spectrum of nationalities employed in the international sectors of business; the rapid growth in the speed of communications, and changing attitudes in the host countries have also played a role.

Trimmer says that over the past 20 years material standards have, in most cases, more than doubled and hence the past financial benefits obtained from expatriate service no longer appear quite so great.

Among the non-monetary benefits he advocates are the provision of more frequent leave, educational facilities and support in the working environment.

Turnover

Trimmer *suggests* that another option is to concentrate on using the individual for short periods with high monetary rewards, and accept the high staff turnover rates which may follow.

"This may provide the individual with the interest of high savings and travel opportunities in the short term, without compounding the family and education problems so widely seen as barriers to mobility."

He warns, though, that such *policies have severe limitations* and rarely work successfully at the *higher management levels.*

A far more radical and dramatic means of dealing with this problem in the long term, he suggests, is to reduce the need for expatriates by increasing the use of local staff, confining the use of expatriates to the top management roles and to those technologists and specialists who are not affected by the kind of factors which inhibit mobility.

Turning to other trends in expatriate remuneration, Trimmer notes that equality of treatment between expatriates of different nationalities is becoming *essential.*

"For many years the concept of using 'cheap' expatriates played its part in the commercial policy of some companies but this is less and less so. In our experience there are, in practice, severe limitations on the differential that is acceptable to different expatriate nationals working in the same location. There is recognition that the cost of meeting home country liabilities can vary but living standards in the work location should not."

Trimmer says that this trend towards a "rate for the job" will bring its own problems.

For example, if there are different nationalities with differing national pension arrangements, he argues that it is virtually impossible to introduce a separate scheme which will apply while the individuals are expatriates.

"This is not only a totally uneconomical approach but makes the reabsorption of some expatriates into their base environment difficult to achieve. In the context of remuneration in general, some companies experienced this problem to a limited extent when transferring British expatriates back to UK service during the period of severe salary constraint in the mid to late 1970s. These problems world-wide are far greater *than ever before and no easy answer exists.*"

**MCB Publications, 200, Keighley Road, Bradford, West Yorkshire BD9 4JQ. Price £16.95.*

Arnold Kransdorff

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Roll over relief

I am considering the purchase of a business in Florida. Can the "roll over relief re capital gains" be applied, for the purchase of a business outside the UK? This would be against disposal of business and the subsequent capital gain which would result.

If you are resident in this country, but can satisfy the Revenue that you are actually running a business in Florida, we think you could take advantage of the roll over provisions.

Cheque safety

We have received the following comment from a reader on our reply under Cheque safety (May 27) with which we agree. "Your legal staff state on the Management Page (May 27) that the definitive way to make cheques "safe" (sic) is "to write the word 'only' after the payee's name, strike out . . . 'or *order' and initial the same*. This procedure, with the addition of a 'not negotiable' crossing, provides the absolute security . . ."

In fact, if the words "or order" are deleted and the *word "only" is written in* (as above defined), then the words "not negotiable" are superfluous; the reason being that one will have made the cheque non-transferable—and therefore, ipso facto, not negotiable; negotiability implying, inter alia, freedom of transfer. Section (i) of the Bills of Exchange Act, 1882, specifically states that "when a bill contains words prohibiting transfer . . . it is valid as between the parties thereto, but is not negotiable." *A cheque, of* course, is a bill (Section 73 (ibid)).

Much confusion arises from the failure to distinguish transferability and negotiability. A non-transferable cheque is not negotiable but a not-negotiable cheque (purely and simply) *is* transferable—but subject to equities. The transferee can acquire no better title than the transferor possessed.

Incidentally, the words "not negotiable" must be accompanied by a crossing (Section 76 (i) (b) (Ibid.)). It follows that, since in the case we have stated, the words "not negotiable" are superfluous, an uncrossed cheque could also be made out to the payee "only" with the words "or order" struck out.

Release of a covenant

In 1965 I sold some business premises at a time when I was carrying on a cycle business on premises in an adjoining street. I therefore inserted a covenant in the conveyance restricting, so far as possible, the sale of cycles on the property sold. Now this property has been bought for redevelopment and in the meantime I have gone into business. I have been asked to release the covenant for a nominal sum of £1 and have been told that this is a mere formality since the companies concerned would have no difficulty in getting round it. If this is so, why do they ask for the release? Do you think I have any grounds for asking for more than £1?

We agree that it would probably be possible for the companies to get round the covenant. It nevertheless is an administrative inconvenience for them to achieve this without your cooperation. In the circumstances, you may care to suggest a more than nominal, but still modest, sum should be paid *to you; say £100.*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Backhander from a Wimbledon wet

BY DAVID MARSH

CRITICISM of Mrs Thatcher's economic policies by the so-called Cabinet "wets" traditionally takes the form of coded messages delivered in lecture halls or debating chambers as far removed as possible from the corridors of Whitehall. Because of the linguistic camouflage crucial to this type of operation, a small army of skilled political correspondents and assorted psephologists is generally required to decipher just exactly what is being criticised.

The Financial Times has, however, been able to obtain a photocopy of the following remarkable message to Mrs Thatcher from a leading dissident Tory, who uses an entirely new system of metaphors to press home his distaste for the Government's strategy. On advice from our legal department, the author's name has been expurgated.

Dear Margaret,

I thought I might share with you a few thoughts which came to me as I was musing in the tea enclosure last week.

Desperate

First, our unemployed people must really be in a desperate plight if more than 30,000 of them have nothing better to do than queue up for three hours to watch groups of headbanded schoolchildren bash little white balls across a three-foot net in the rain.

Second, it strikes me that there might be a link between the sorry state of the economy and some of the behaviour we have been witnessing on the courts this past week.

Not that I am for one moment complaining at the absence of British players in the closing rounds of the competition. In a sport that is rapidly becoming riddled with commercialism, homosexuality and thuggish behaviour, that can only reflect well on our national character.

What I am talking about is our somewhat stubborn obsession with monetary policies. McEnroe seems to typify the unpredictable dangers and sheer unpleasantness of America's singleminded reliance on controlling the money supply—with disastrous consequences for the rest of the world.

A further unseemly demonstration of the American enthusiasm for market forces is, surely, the proliferation of loud breathing noises emanating from some of their players while on court—an indecorous habit which I notice is beginning to be picked up by some of the ball boys.

Is it entirely a coincidence, on the other hand, that the admirable Herr Borg comes from a country where monetary targets have never been heard of? Not only are his manners consistently impeccable but I am also informed from the newspapers that his chief hobbies are watching television, eating steaks and sleeping—a fine example to our youngsters.

Barbed wire

You will probably have noticed yourself that players from other Continental countries not yet in the grip of monetarism (I speak above all of our friends in Germany and the Low Countries) universally have a kind word and ready smile for umpires and linesmen.

The question is whether the Government wishes to face these facts squarely in the face. There are other areas, too, where this applies. I am thinking perhaps of the comments made by Hector (who, as you know, looks after our sporting affairs) after the footballing riots at the England game in Basle. His inference that this was simply a reflection of disorderly market conditions—and that it was up to FIFA to put up more barbed wire—I found quite unpardonable.

What I am getting at, Margaret, is that monetarism is a fad—like one day cricket, it simply won't last. I have two suggestions. First, let us be rid of all these Mark McCormack-type Swiss-American professors hanging around the Treasury. Second, if we are indeed to lose the next election, let us do it with a sense of grace, decorum, and—dare one say it in an age when youths are knifing each other all over south London—sportsmanship.

Yours ever,

Gaining inspiration from a weekend visit

GARDENS TODAY

BY ROBIN LANE FOX

THE NEXT fortnight is the high season for visiting British gardens at their best. Every weekend, a host of good gardens are made public for the afternoon under the National Gardens Scheme whose yellow booklet, Gardens To Visit, is a precious companion for any traveller.

I am especially drawn to gardens which the owners have laid out in recent years from scratch and to those which are listed for their botanical interest. One of the best is 20 yards long and hardly as wide. It lies in an Oxford suburb.

Almost no site seems too difficult when you see what others have made of it. I owe a host of ideas, plants and prejudices to my visits afield. It is also cheering to see signs of bindweed elsewhere, specially in this season whose wet beginning has encouraged it to run riot over some of my thorniest roses.

Perhaps there was bindweed on the site of my most recent visit, but there was so much else last weekend and it is such a favourite that I would like to dwell on its contents. The Old Rectory, Burghfield, sounds just the place for a classic English garden, backed by the mellow brick of Berkshire and a smooth lawn with specimen trees and a cedar. In fact, there was next to no garden 25 years ago and the design, yew hedging and vast collection of plants have been the work of determined owners, Mr and Mrs Merton.

He combined the running of a major business with the placing and hand clipping of glorious runs of yew hedging, cut to a level height on ground which slopes sharply away from the eye. Within this framework, she ran the family, too many dogs, and plants which would now be the envy of any gardener in the making. Some three acres of a neutral soil are now run with the support of only one gardener. In public ownership, I suspect, the mass of plants would require many more, quite apart from the mowing and hedging.

The style is simply described and can stand for many of the best gardens in the country. A formal frame of main hedges and vistas set off a freely-planted informality of shrubs, mixed borders and stretches of wilder garden. Like many of the best plans, it could be scaled down and applied in principle to more modest sites. The ground slopes down to a semi-circular pond surrounded by azaleas, cornus and other natural shrubs.

Two central lines of yew make a background for a classic double border of plants some three or four feet high. The eye is drawn down their line to the pool and its statue at the far end while other sections wait in the wings for visitors who stray off the main axis. In short, it is the classic setting of operas, novels and all those fantasies which are set against an ideal garden.

For my money, the result is one more proof that it pays to plant new hedging wherever a garden is to be made from nothing on a site of reasonable scale. After six years, the hedges should be pulling their weight in the design. If fed heavily, yew is not at all the slow growing plant of popular myth. It is no longer cheap, but little time is saved by buying tall plants so long as the stock is bushy and well prepared for moving. As a frame, it has no equal.

Within its ground plans of walls and yew, the Old Rectory boasts a remarkable range of plants. Few visitors last Sunday will have left without marvelling at a sheltered corner which would belong more naturally in a mild Continental garden. A magnificent white Carpenteria rose above a carpet of rose-pink wild geranium, properly known as the Palmatum form which seeds itself and lasts here through the winter. There were citrus-lemons, good pinks, a buddleia which Mrs Merton collected in China, some familiar blue and white campanulas and a thicket of rare plants in the foreground. The ordinary and the rare lived happily side by side.

The Carpenteria would tantalise anyone. This evergreen shrub, about 6 ft high, is scarcely hardy and in normal forms I regret the absence of any scent in its open white flowers of modest size. In private gardens recently, I have twice noticed a far finer form whose flowers are abundant and far larger. Tracked down again here, it turns out to be a selected form called Ledham's variety which has slipped from the general lists. It will only increase if grafted onto the ordinary white stock, so supplies have always been very short. Hilliers of Winchester have dealt with it, but the waiting-list is said to stretch several years ahead. Compulsive collectors may wish to put their children down for this Carpenteria in the future. Others may rest content with visiting it in its full glory in Berkshire.

At a more accessible level, I have put a forgotten rose on next year's shopping list. Nowadays, we all choose the climbing New Dawn for the sight of its glorious silver-pink flowers in the half-light of an early July evening. Yet at Burghfield, a space nearly 10 yards wide is given to New Dawn's neglected parent, the silver-pink rose Dr van Fleet. The pink is a shade deeper and the shape of the flower is slightly fuller. But the vigour and profusion of flower are tremendous. If it can still repeat its performance in Berkshire elsewhere, it is a summer climber which ought to be revived. It has only one season that is as magical as any other rambler.

Pink and white roses are a theme of the Mertons' walls: the single pink-white Francis Lester, the wonderful clusters of the white Garland and the sheets of well-shaped flowers on old Adelaide Dorenson. These and others are seldom seen side by side for comparison but pig sties have to be hidden, even on the edge of a rectory kitchen garden and a tangle of the quickest varieties did the trick at Burghfield in about three years. These roses make a marvellous loose hedge, and reinforced my preference for the clusters of small white flowers on the Garland. This rose will grow up into a low apple tree without killing it and is not so unmanagable as some of its heavier wild relations. It grows very quickly indeed.

On a smaller scale, white flowers play the large part which discerning gardeners now allot them. White delphiniums and the white perennial campanula add height to drifts of the white valerian and an ivory-yellow foxglove whose gloves are no bigger than small teeth. They spread over clumps of "the best hellibore" (cochii, in its owner's opinion), the rare double white Meadow Geranium and the easy but unusual variegated Honesty which went straight to the top of my list when shown by Beth Chatto at this year's Chelsea Show. With patience, nothing here would refuse to grow in a well-prepared half-shaded bed on the darker side of your house.

I have only scratched the surface of a garden which is particularly British in its matching of a strong ground-plan with a collector's profusion of plants. Weeds take second place in the search for natural effects in a formal frame. But there is an air to this garden which is what pleasurable gardening is all about. However small the space, it is a mood which is repeated throughout Britain in the season of early July.

Kithairon prepares to defy age

RACING

BY DOMINIC WIGAN

KITHAIRON IS likely to return to a fine reception at Carlisle this afternoon if he proves up to defying his age and 12 opponents in one of Britain's oldest races, the Carlisle Bell.

The ten-year-old Kithairon will be trying to give between 4 lb and 23 lb to 11 of his rivals but is, himself, in receipt of weight from Reside.

It was in this race (sponsored by Tennent Caledonian Breweries nowadays) a year ago that Kithairon gained his sole course victory to date. The North's most popular Klairon horse could hardly have won with more in hand and it came as no surprise when he went on to maintain useful form.

This afternoon Kithairon, again ridden by Alan Mercer who knows him so well, will find that neither the Bruce Raymond partnered Paducah or Mark Birch's mount, Moybrook, allow him an easy time.

Paducah, a rangy gelding by Swing Easy out of Hunting Bee, did well to get the better of Cyprus Sky in an amateur riders' event over today's trip of a mile at Redcar last month. Moybrook has been slowly returning to somewhere near his best after a moderate start to the campaign.

Moybrook has a useful 5 lbs advantage at the weights over Kithairon. Moybrook was also a length runner up to Covergirl's Choice in the Ayr Spring Handicap last time out and may just have the edge over the veteran, who is shouldered with 13 lbs more than in 1980.

A second lightning winner for Birch, responsible for such a polished performance on the Northumberland Plate winner, Dawn Johnny, is the Connaught filly, Consent. Last time out this tough plater did well enough with a close third behind Rustic Charm and Joint Mercy at Ayr to suggest that a race such as this afternoon's Bective Selling Stakes is well within her compass at present.

At today's other meeting, Yarmouth, Lianga's one time high class daughter, Long Legend can justify her continued stay at Warren Place with a win in the Somerleyton Handicap.

CARLISLE

2.30—Consent**
3.30—Moybrook
4.30—Offering*
5.00—Melba Toast

YARMOUTH

2.15—Golfers Dream
2.45—Silk Fashion
3.15—Long Legend***
4.45—Karen's Star

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 11.25-11.37 You and Me. 1.27 pm Regional News for England (except London). 1.30 How Do You Do. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 The Song and the Story. 5.05 John Craven's Newsround. 5.10 Think of a Number.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Wimbledon Tennis.
7.15 Rolf Harris Cartoon Time.
7.45 The Olympian Way.
8.30 Three of a Kind.
9.00 News.
9.25 Shoestring.
10.15 Cosmos.
11.05 Paperbacks.
11.40-11.45 News Headlines.

All Regions as BBC 1 except as follows:—

Cymru/Wales—5.55 pm Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 7.15-7.45 Goreuon Gwynfryn. 11.40 News Headlines, News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines, News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
2.01 pm For Schools, Colleges.
2.20 Wimbledon Lawn Tennis.
7.55 Mid-evening News.
8.05 The Little Mermaid.
8.30 Wooden Wonder.
9.00 Rhoda.
9.25 Fake?
10.05 Wimbledon commentaries.
10.45 Newsnight.
11.30 The Pursuit of Power: Robert McKenzie talks to The Rt Hon John Biffen, MP.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Music of Man. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 The Electric Theatre Show. 2.00 Live From Two. 2.45 Big Shamus, Little Shamus. 3.45 Now You See It. 4.15 Tweety Pie. 4.20 How. 4.45 Quest of Eagles. 5.15 Here's Boomer.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Video Entertainers.
8.30 Have I Got You... Where You Want Me?
9.00 Playhouse.
10.00 News.
†10.30 "Carve Her Name With Pride," starring Virginia McKenna and Paul Scofield.
12.40 am Close: Sit Up and Listen with The Rt Hon Norman St John Stevas.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 The Ante Room. 6.00 About Anglia—At The Royal Norfolk Show. 10.30 The Wednesday Film, "Promise at Dawn," starring Melina Mercouri. 12.25 The Big Question: The team debate whether confession is a valuable spiritual experience.

ATV

1.20 pm ATV News. 2.45 The Ante Room. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.30 The Sweeney. 11.30 ATV News. 11.35 It's A Musical World introduced by Tony Hatch and Jackie Trent with guest Barbara Dickson.

BORDER

1.20 pm Border News. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Lookaround Wednesday. 10.30 Sweeney. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel Late News. †10.36 Twenty Years. 11.05 Speedway: Scotland v England. 11.40 News and Weather in French followed by Epilogue.

GRAMPIAN

9.45 am First Thing. 9.50 Jack Hargreaves—A Yorkshire Childhood. 10.15 Chopper Squad. 11.10 Young Ramsay. 1.20 pm North News. 2.45 The Ante Room. 5.15 Welcome Back Kotter. 6.00 North Tonight. 10.30 Tenspeed and Brown Shoe. 11.30 North Headlines. 11.35 Seachd Laitheen—A Gaelic review of the week's news.

GRANADA

1.20 pm Granada Reports. 2.45 Doctors' Private Lives. 5.15 Happy Days. 6.00 Granada Reports. 6.25 This Is Your Right. 10.30 SWAT. 11.25 Rockstage.

HTV

1.20 pm HTV News. 2.45 Chopper Squad. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Laverne and Shirley. 10.28 HTV News. 10.35 Manscape. 10.55 Lou Grant.

HTV Cymru/Wales—12.00-12.10 pm Flalabalam. 4.45-5.15 Tān yn y Môr. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.50 China—Women.

SCOTTISH

9.55 am Sesame Street. 10.55 The Collectors. 11.10 Charlie's Angels. 1.20 pm News and Road and Weather. 2.45 The Ante Room. 3.45 The Entertainers—Dennis Waterman. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Encore for the Arts. 11.15 The Line to Skye. 11.35 Seachd Laithen. 12.05 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.50 Story Hour. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only). 10.35 "Twinky," starring Charles Bronson.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where The Jobs Are. 2.45 Young Ramsay. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life, with Tom Coyne. 10.30 North East News. 10.32 "Key West," starring Stephen Boyd and Woody Strode. 12.00 Christianity Is . . . So Pointless.

ULSTER

1.20 pm Lunchtime. 2.45 The Ante Room. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.29 Ulster Weather. 10.30 Rockstage. 11.30 Bedtime.

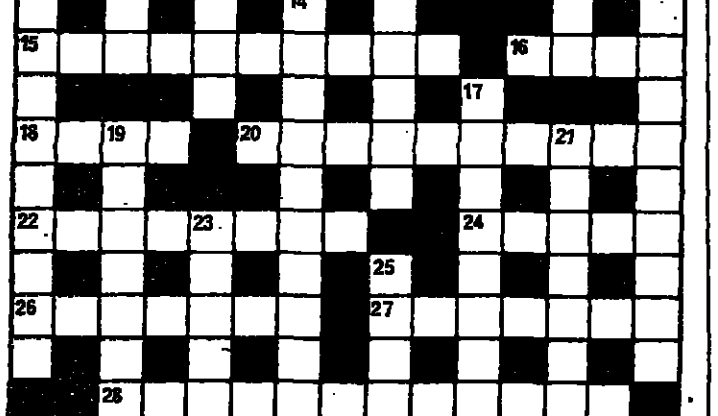
WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward Late News. †10.36 Twenty Years. 11.05 Speedway: Scotland v England. 11.50 Faith For Life. 11.55 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 The Ante Room. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Brass in Concert. 11.15 Mind Over Matter. 11.45 Pans By Night.

F.T. CROSSWORD PUZZLE No. 4,608



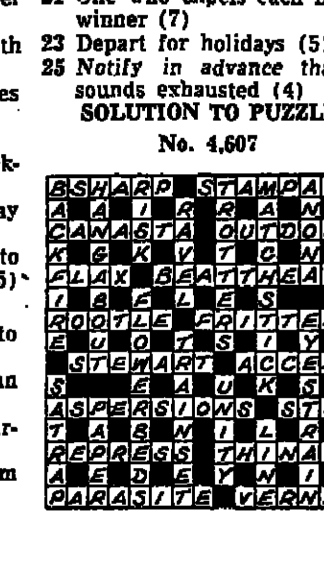
ACROSS

1 Worn by firemen for instance, the finest outsize clothing (8,4)
10 Accumulated a universal title edition (7)
11 Responding to repetitious waves (7)
12 Child's toy trolley (5)
13 Concise time for a deficiency (8)
15 Resistance to work location (10)
16 Growth in infancy startles (4)
18 We joined pupil teacher and sobbed (4)
20 Intimidating person with principal in plant (10)
22 One versed in law takes member a rota (8)
24 Smell a fish (5)
26 Conduct musical drama, taking note (7)
27 Supporter of a cause may have stirers following (7)
28 An undisclosed delight to deal with in a shop (5,2,5)

DOWN

2 A slice of veal cut into curves (7)
3 One who tries to become an author (8)
4 Trim a cover for a chair-back (4)
5 Fathom, to get to the bottom of and carry out (3,7)
6 Escort introducing you and me to her (5)
7 May grit upset the joining of three unions at once? (7)
8 Obdurate towards bird and it's difficult to believe (4,2,7)
9 Dissent, but promise to change, although it's a contradiction in terms (5,2,6)
14 Unrelenting newspaper that follows rowers (10)
17 Footwear for Eskimos needing possible boost now (4-4)
19 F.B.I. agents enter a mine for colouring matter (7)
21 One who expels each initial winner (7)
23 Depart for holidays (5)
25 Notify in advance that it sounds exhausted (4)

SOLUTION TO PUZZLE No. 4,607



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 2.00 pm The Ed Stewart Show (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 David Symonds with Much More Music (S). 8.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Wimbledon Championships. 7.00 David Symonds (S) (joins VHF). 8.00 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Peter Clayton with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO-3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Donizetti (S). 10.00 John Ireland (S). 10.50 Bartok (S). 11.10 Alissa song recital (S). 12.05 pm BBC Scottish Symphony Orchestra (S). 1.00 News. 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 BBC Symphony Orchestra in the Far East (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Lipatti Playing Bach. 7.30 Scientifically Speaking. 8.00 "Orfeo Ed Euridice," opera in three acts with music by Gluck: Acts 1 and 2 (S). 9.10 Six Continents with Ian McDougall. 9.30 "Orfeo Ed Euridice," Act 3 (S). 10.20 "The Pigeonhole" (short story). 10.35 Beethoven (S). 11.00 News. 11.05-11.15 "Cry" by Giles Swayne (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day: 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Mavis Nicholson. 10.00 News. 10.02 Gardeners' Question Time from West Sussex. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.2 It Makes Me Laugh. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Bean on the Borders. 4.00 Choral Evensong (S). 4.45 Story Time (S). 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Fat Man Out (S). 7.45 Insurance: Insurance expert David Scott answers questions put by listeners. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Spike Milligan Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Racing. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life, including a feature on jazz. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen continued. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sach's Late Show. 12.00 Midnight Special.

FINANCIAL TIMES

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THE ARTS

Mike Gwilym and Miriam Karlin — Leonard Burt

The Other Place, Stratford-upon-Avon

The Twin Rivals

by MICHAEL COVENEY

Written in 1702, a few years before George Farquhar's two great comedies depicting the impact of town and military manners on rural communities, *The Twin Rivals* is the playwright's attempt (as he says in the Preface) to show "that an English comedy may answer the strictness of poetical justice".

As it turns out in John Caird's sparky and excitingly designed production, this proves *the least of our worries*. The comedy breathes for as long as justice of any sort is withheld. There are two interwoven plots. Benjamin Wouldbe has more than a chip on his shoulder with regard to his twin brother. He has developed a hump while Hermes is fighting abroad. With the aid of a scurrilous lawyer, Subtleman, he seizes the estate on the death of his father by fixing the will and publicising a sibling fatality. Hermes had just beaten him to it out of the womb.

Running parallel with this is Richmore's caddish treatment of the unseen Clelia whose pregnancy has necessitated talk of visiting relatives in Leicestershire. The two stories are brilliantly bound up in the activities of a midwife, bawd, Mrs Mandrake (also dubbed Midnight in some editions). This lady, played with a splendid droning chatter by Miriam Karlin, is as rich a creation as Brazen in *The Recruiting Officer* or Mrs Sullen in *The Beaux' Stratagem*.

As ever in Farquhar, sexual gratification runs financial gain a poor second, a fact wittily acknowledged by the company opening all personal negotiations with a flourish of clanking purses. The design by Ultz *gains maximum exposure in the* round by threading the action through a chessboard arrangement of knee-high orange boxes. Gloriously oblivious to the social realism of William Gaskill's Farquhar shows of the 1960s, the actors are attired in a dazzling collection of spotless white frills and furbelows. The opening of Act Two, in a London park, is a stunning display of busy gentility, Michael Calf's lighting casting mottled *shadows on the floor while* invisible carriages move along the avenues thanks to the percussive suggestiveness of a pair of coconut shells.

Here, too, we eavesdrop on the feminine solidarity of Aurelia and Constance, a delightfully contrasted pair of fancy dress *animals—while butterfly and* white rabbit—in the delicately shaded performances of Jane Carr and Harriet Walter.

Both twins are pushed to differing degrees of madness by the whirligig of intrigue set in motion by Benjamin. Miles Anderson's Hermes is the funniest of uprights bores, mouthing his lines about truth and justice with well-judged mock solemnity; while Mike Gwilym's fidgety emotionalism as Benjamin *at last settles into hilarious* absurdity in the image of a poodle in a tu-tu. The fight arranged for them by Malcolm Ranson pulls many fine gags *including* the bitchy removal of the good guy's spectacles.

In ignoring Gaskill's realistic example, you would expect a contemporary production of Farquhar to fall straight back on Restoration rep tricks. Not here. With a touch of the Glasgow Citizens' flair and the solid work of Paul Shelley as Richmore and Roger Allam as a *wickedly ingenious Subtleman* with the vocal acidity of Alec McCowen, John Caird and Ultz have come up with a genuinely innovatory reading of the Restoration style. For good measure, there is Scarlatti played on the harpsichord and an Irish retainer from Ronan Wilmot that profits from a knowing deployment of inflectional cliché.

Television

The problem with facts

by CHRIS DUNKLEY

As we move inexorably (although in Britain painfully *slowly*) into the era of "the sunrise industries"—a phrase I picked up from Sunday's *Money Programme*—the effect of television upon the quality of our information becomes increasingly problematical. And since television and information are themselves, so it seems, at the very centre of this creeping revolution, that is worrying.

Fact-on-television is clearly one of the big growth areas. *Even during the* present recession, before the arrival of breakfast television and Channel 4, never mind multichannel cables and DBS (Direct Broadcasting by Satellite, you really must keep up with these *initials*), we have already seen an increase in the proportion of fact as against fiction on television. That, anyway, has been my clear impression during the last few months, and it is encouraging to be able *to say so after my previous* criticisms of the drift towards trivial light entertainment, even though the reason for this change may be that fact programmes are often cheaper than fiction.

Of course if you categorise sport as fact then television is currently broadcasting virtually nothing else. In addition to hours of *Wimbledon* the past week has also featured some dreary *International Athletics* from Crystal Palace well reported for the BBC by David Coleman and Ron Pickering, and some rather better athletics from Oslo with shrill reporting on ITV from Adrian Metcalfe, Alan Pascoe, *and Tom McNab, one of whom,* seeing Byers way out ahead, pronounced the immortal words "I'm afraid Byers has completely blown it," whereupon *Byers promptly beat Ovett* and the rest of the world to win the 1,500 metres.

We have also seen the Spillers Derby in *Greyhound Racing* on BBC 2 presented with his usual calm and efficiency by Harry Carpenter who will, one hopes, take the idea of muzzles back to Wimbledon with him (does the man ever eat or sleep incidentally?); *International Dressage* also on BBC 2 in which the familiar voice of Dorian Williams ("an exaggerated movement of the orf hock there") *finally acquired* a face; still on BBC 2, rock climbing in *Troll Wall—The Vertical Mile* with pictures liable to give you vertigo and commentary liable to give you apoplexy by starting every sentence "Well ——"; and from Texas a wildly exciting boxing match between Sugar Ray Leonard and the brave Ayub Kalule which—luckily for Harry Carpenter—*was* on ITV.

But you don't have to cheat *and call sport "fact" in order* to substantiate the point about the increase in fact programmes. Nor is it sport which throws up the problems, since all sports are manifested visually and are concerned with specific individuals—*characteristics which* television finds ideal. The difficulties arise as soon as the medium starts trying to deal with abstractions and with any *of those subjects for which the* print medium would employ graphs, tables or detailed abstracts and particularly items which need to refer back constantly to such material. That may sound highly specialised but *it covers* everything from religion to economics.

The result is that with politics, for instance, as we saw in last week's *Panorama*, there is a powerful tendency for television to go for the politician rather than the policy. Of course Michael Foot's wide-eyed protests about television personalising matters and the bluster of injured innocence which he threw up between himself and David Dimbleby looked quite ludicrous after recent events in Labour's deputy leadership scramble. Yet whatever the appearance of hyprocrisy on this particular occasion the generalisation behind Foot's protest cannot be denied.

A television screen may be indistinguishable from that of a VDU (with Prestel, Ceefax and so on it may actually be the same) and in the right hands, given the right data banks to call upon, a VDU may be a very specific tool supplying highly detailed information. But as the public terminal for broadcast programmes a television screen is invariably—I suspect inevitably and unavoidably — impressionist in its effects.

It is better at conveying the feel of a person than at communicating his policies, which is why *The Pursuit Of Power*, produced by James Hogan and presented by Robert *McKenzie, has been so successful*. That is not to suggest that McKenzie's work is trivial; on the contrary he is one of the most serious, though thank goodness not solemn, makers of political programmes that we have, and the politicians in this series have shown a very high regard for his political nous.

After they have been and gone, however, what is left with the viewer *is the sort of* impression that you carry away from a boozy dinner party: the eternal boyishness of Benn which grows increasingly suspect with age, Enoch Powell's tortured integrity, the *unexpected seriousness* underlying St John Stevas's wit, and so on.

But what more, you may ask, can you take away from a newspaper or magazine article? The answer is that you can take *away the whole thing—literally*. You can cut it out and put it on your desk to refer to as you write your own report. You can pop it in your wallet and show it to six friends at a board meeting, or make ten photostats and post *them off*. One day when we all have VCRs and blank tapes, and when we are all cable-up nationally and internationally, and all have transmitting as well as receiving facilities, then those advantages *will disappear*.

Harry Carpenter—does he ever eat or sleep? — Hugh Routledge

Until that day, still very *distant*, we are left with impressionism; the feeling of "been and gone and left a vague impression." The more television journalism I see and the better it gets—and in some respects it does get better—the more convinced I become that it suffers from a law of diminishing returns. Last week there was not just one but a whole collection of excellent pieces of journalism on television, yet it will be a surprise if even the most outstanding proves to be more than an overnight sensation.

Perhaps one ought to have found ATV's *I Was At Broadmoor most striking, with its* almost incredible first-person accounts of the place. Yet after *Secret Hospital* (whatever happened to *that* great fuss?) and *Silent Minority* the impact did indeed seem *diminished*. You might choose *TV Eye's* report on dissidence and increased repression in Czechoslovakia with the insanely brave young woman who spoke straight to camera, or Andrew Mollo's long and *fine* Thames documentary *SS 1923-1945* which, added on to *The World At War* with Michael Darlow's programmes on the concentration camps makes the most significant work on World War II ever produced by *television*.

Yet I would pick none of *those, nor Credo's report on* freemasonry which left in my mind only the images of a borrowed BBC drama on the subject, nor David Jessel's well considered report on "The Vanishing Countryside" for *Newsweek (an admirable series* whose continuation now seems, *scandalously, in doubt)*, nor even the last of three excellent reports on Israel by Martin Young and Peter Bate called *Hanging Fire* which made me realise that Ireland's combined problem of religious bigotry and geography was not unique.

Instead I would nominate *Man Alive's* report on Switzerland called "Trouble In Paradise" as both shocker of the week and one of the best editions *Man Alive* has made in its 15 years. *Jack Pizzey offered nothing less* than a wholesale indictment of Swiss Government and business which, he suggested, are but shouldn't be virtually inseparable.

Yet if I wanted to work on *that subject myself I would not* ask for a copy of the programme but for a copy of the script, and that would be so even if I happened to be making a television programme myself and owned a VCR with freeze-frame facilities. When *The Money Programme* in the first of its three editions on "Britain 2000" (introducing those "sunrise industries" of robotics, microprocessors fibre-optics and so on—"sunrise" presumably being a reference to Japan's national symbol) wanted to quote from a report last week it did what so many programmes do these days: ran the text up on screen and read it out to us.

That and the whiz-bang sound *effects (or "FX" as they have it* in television) to accompany the little graphics, and distracting rock music in the "background" are all manifestations of television's frantic hunt for techniques on which to float content. *All too often* the result is to drown it instead. Hence my *opening* claim that the effect of television upon the quality of our information is increasingly problematical. We are going to need both the FT and Money *Mail for a long time yet*.

★

It *now seems*, rather as I feared, that my enthusiasm two weeks ago over the briefness of this year's silly season was premature. Any self-respecting television company *should of* course create a goodly proportion of programmes which are of high enough quality to demand repeating—but the way that our three channels now save up their repeats and *broadcast them simultaneously* is absurd.

Anyone who fancied an hour or two of viewing after the *Nine O'Clock News* on Monday was faced with a repeat on BBC1, a repeat on BBC2, and *an American import on ITV* followed by another repeat. Last night before the *News* was no better: repeats on ITV and BBC2 from 7.30 to 8.30 and on BBC1 a third rate American "TV movie." Tomorrow in peak viewing time between 8.00 and 9.00 pm neither BBC channel provides anything but repeats, and ITV offers *Funny Man*, a series which hasn't really been running since 1947 and isn't actually a repeat but *manages to feel like both*.

ICA revenue

The increase in box office revenue at the ICA in the last four years has been 60 per cent not 6 per cent as a typographical error suggested yesterday.

Radio 3

ECO Wind

by DOMINIC GILL

Performances of Mozart's greatest, largest and longest *work for wind instruments*—the B flat Serenade K 361 for a dozen wind with double-bass—are not exactly a rarity. But neither are they commonplace: and a performance of such generous vitality and distinction as that given by the ECO Wind Ensemble on Monday *lunchtime at St John's*, Smith Square, is worthy of report.

The ECO followed the customary alternative of substituting a contrabassoon for the double-bass (the dark buzz of the deep reed instrument makes for greater clarity and homogenity of texture). It was a reading of considerable virtuosity, but never of slavish mechanical perfection: *the odd* roughness—a tiny crack in basset-horn intonation, a passing blur of horn-quartet ensemble—only served to emphasise the happy quality of spontaneity *and warmth*.

From my radio seat, which probably had the acoustical advantage over the live audience in St John's, the hallmark of the performance was the contrapuntal and rhythmic clarity which underpinned every shift of expressive colour—from the buoyant opening movement, and the sensuous mystery of the first minuet's second trio, to the luminous utterance of the adagio, in which oboe and clarinet spin out their timeless song. The agitato chugging of the middle section of the little Romanze (almost always either top or bottom heavy) was ideally balanced; the finale was quick and *jubilant. To mention the finest* solo contributions would be to list 13 names. Splendid lunch-hour nourishment.

Kirov Opera in Barcelona

by RONALD CRICHTON

Among the leading opera houses of Europe, the Liceo in Barcelona shares with Glyndebourne the lonely distinction of remaining in private hands in an age of public subsidies. The two institutions have nothing else in common. The Liceo is situated not in a country house but on a cramped commercial site in the heart of the city, facing the perpetually busy and animated *Ramblas*. Yet somehow, by continuing to present annual seasons with large repertoires and star singers (distinguished *local talent such as* Caballé and Carreras well to the fore) the *Liceo has* kept a foothold in the international league. *This era of precarious* survival may have ended with the *death just over a year ago* of Juan Antonio Pamias, *impressario-cum-managing* director for 33 years.

There was no question of preferring private status: subsidy from national or municipal sources was just not forthcoming. Reasons are not hard to find. Grand opera, in this country which produces so many famous singers, gets little official encouragement—(Madrid's opera house, damaged during the civil war, is still only used for concerts. *There is traditional* rivalry between Madrid and Barcelona, capital of an increasingly autonomous Catalonia. And *though* the Liceo continues to draw audiences, the theatre's way of presenting opera is so antiquated as to seem hardly worth preserving. It has however been known for some time that the governing body was preparing a joint scheme of subsidy to be shared by municipality and private sources: an announcement is expected later this year.

Meanwhile the annual seasons continue, with occasional visits from foreign companies. A recent example has been the first appearance in Spain of the Kirov Opera from Leningrad with chorus, orchestra and dancers, presenting *Boris Godunov* (original version), *Eugene Onegin, The Queen of Spades*, and a concert. The short season coincided with the visit *of King Juan Carlos to* Barcelona for Spanish Army Day. When it was decided that the King and representatives of the Army would attend a performance, *Boris*, the opera down for the night in question, was tactfully changed for the politically harmless *Onegin*.

I caught the second *Queen of Spades*, on the last night of the Kirov visit. It was ten years since I had been inside the Liceo, during the 125th anniversary season in 1971, for a *Rigoletto* and *Forza del destino* reviewed here at the time. They confirmed what one had heard about the theatre. Some first-rate singing, by Bergonzi in both operas and by *Kabaivanska* and Gwynne Howell in *La Forza*, but knocked-together productions (in spite of new scenery) and orchestra and chorus below the standard expected in a great house. The audience, *arriving late in large* numbers, chattered and flashed torches. Yet Barcelona *has* a serious, discriminating public for choral and orchestral music.

The theatre, a splendid mid-19th century building with exceptionally clear and resonant acoustics, deserves better opera and better audiences. The sound of the Kirov orchestra there under Yuri Temirkanov gave intense pleasure—sure outlining and blending of the typical Chaikovskyan writing for deep woodwind, *string* playing at once lustrous and gutsy (the *muted* rustlings at the beginning of the scene in the *Countess's* bedroom were euphoric as well as sinister). *One noted* and regretted Temirkanov's habit of automatically whipping-up the sound at the conclusion of a scene, briefly but irritatingly over-topping the singers. Otherwise his exposition of one of Chaikovsky's most rewarding scores was masterly. Some of the audience were quick to sense *this*—after fierce initial shushings from the higher balconies the rest were quiet. Things seem to be *improving*.

The chorus was a little rough and casual in the exchanges of the park scene that came off so well at Glyndebourne, much happier in the songs and dances in Lisa's room, magnificently Russian in the lament for the dying Hermann. The solo singing was interesting, and of a piece. Everywhere was the bigness, the confident attack, the ability to fill out a phrase with tone not always of finest or steadiest quality but indubitably there; just what one misses when often more *sensitive* British singers tackle Russian opera.

Yet there was little bigness of personality and not much individual charm. The Tomsky, G. Zastavny (I give the names of the *second* cast printed in the programme on the assumption that they were the singers concerned) made the sharpest individual impression. The finest singing came from the Pauline, Eugenia Gorojovskaia—a Russian mezzo of the grand kind, able to unfold a long melody with ample, natural majesty. The Hermann, A. Stieblianko, sang strongly with some tightening in the *early scenes* but stayed vocally buoyant to the end *of* the tiring role. Dramatically he was stodgy as most Hermanns are.

Lisa, O. Stronskaia, started her phrases in a pure, girlish timbre that could swell to unsuspected volume with a touch of stridency—*Lisa* is another difficult part, intimately felt, but demanding the grand manner *for the big* moments. The old Countess of L. *Filatova* was a near-blank, her recall of the Gretry song made *memorable* not by the singing but by the orchestra. The pastiche rococo pastoral in the ball scene was included. Quite right too. Superior persons turn up their noses, but it is charming in itself and has some bearing on the dramatic situation through the contrast between the happiness of the *pastoral* lovers and the increasing tension between Lisa and Hermann. It was cleanly sung by T. Novikova as Prilepa and E. Parfenova as Milevzor.

The staging suggested unimaginative re-creation of possibly distant originals attributed to N. Gladkovski (producer) and M. Grigoriev (designer). How distant one can only guess — some of the scenes bore a certain resemblance to drawings of the *first* (1890) St. Petersburg production, reproduced in Warrack's book on Chaikovsky. The details of the re-creation, with impossible chandeliers and cotton-wool wigs, have been unlovingly carried out, but the great bridge beneath which Lisa drowns herself in the canal remains impressive.

One did not expect illumination from the Kirov staging but (once again) received it *in full* force from conductor and orchestra. Lovable score, not wholly successful if you dwell on the mixture of grand and intimate styles, the discrepancy between pastiche and high-flown *romantic sentiment. Better take* the opera for what it is and enjoy what Chaikovsky so generously provides — variety of mood; equally bold response to unconventional situations and well-tried formulas; the surprising Debussyan *or even Bergian* nervosity and concision of certain episodes; the instinctive elegance of cut and colour in the lyrical pages.

The Great Symphonic Pops Orchestra

Following pressure from some of the other *London orchestras*, the recently formed London Philharmonic Pops Orchestra has changed its name to "The Great Symphonic Pops Orchestra." Its inaugural concert at the Royal Albert Hall on July 11 will take place as advertised with the American conductor/pianist John Covelli.

The founders of the orchestra feel certain that the formation of a first-class orchestra dedicated to *performances of* popular classics and arrangements of film and show scores will attract substantial audiences. The programming for these concerts is based on the ideas pioneered by the Boston Symphony Orchestra's Pops concerts.

The Great Symphonic Pops Orchestra has a strength of 90 players.

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Wednesday July 1 1981

Mr Clausen's World Bank

AN ERA has ended at the World Bank with the retirement of Mr Robert S. McNamara, its forceful president—a man whose driving energy and devotion to the cause of the poorer countries made development aid a household word in the industrialised countries.

The new man, Mr A. W. Clausen, former president of the Bank of America, faces a vastly different challenge from that which Mr McNamara took on in 1968. The future shape and direction of the World Bank group is at stake. Aid never has been popular in the developed world which has to supply the funds. But the change which has overtaken their economies during the 1970s has brought its standing to a nadir.

Stretched

In the U.S., 84 per cent of the respondents to a Gallup Poll last year wanted aid to be cut. The message was not lost upon Washington where allocations to the World Bank are being reduced, stretched, or reviewed. The Reagan Administration is not merely wielding the axe of economy. Among its neo-conservatives there are influential men who feel that the World Bank's entire approach is misdirected. Because the bank does much of its lending to public sector bodies in the Third World, that school of thought believes that *the bank is needlessly backing* "socialism."

This argument is put forward against Mr McNamara's proposal for a separate body to finance oil exploration in the poorest countries. That would increase the lending capacity of the World Bank group, helping it to recycle the accumulating cash resources of the oil-producing countries. The European members of the bank do not share the view that this would amount to "socialism" at the expense of the international oil companies.

Bilateral

The other tenet of the World Bank's critics in the Reagan administration is that multilateral aid, where all the developed countries chip in, should make way for more bilateral aid, and for more commercial investment. That can only mean more capital flows tied to deliveries from the donor countries, since the lending capacity of the commercial banking system is already seriously stretched by the need for prudence.

Donor countries often use bilateral aid to provide orders for their exporters. It would be wrong to pretend that this is an American failing, if failing it be. But bilateral aid can also be used, or abused, to exert political pressure.

Political pressure of such a nature can easily become self-defeating. The case is strong for maintaining the World Bank and its related institutions as a preserve where loans are made, *as far as possible, with the* needs of the recipients as the main criterion.

The members of the European Community are right to resist American pressure in the direction of more bilateralism. But a hiatus is inevitable while Washington completes a study of all *its multilateral lending.* With the greatest voting power in World Bank bodies and as the greatest contributor of funds, the U.S. plays the leading part in the bank's counsels. For Washington to turn against the institution would amount to America relinquishing one of its claims to leadership of the West.

Europe and Japan could not step into the breach because of the sheer amounts involved. The U.S. in 1980 gave more than a quarter of the official and multilateral aid provided by the donor nations of the OECD. For their part, the poor countries might help themselves by accepting that grandiose schemes for a New Economic Order will not ease their immediate worries and may strengthen the hands of their critics in the developed world.

Sympathy

Some would be wise to examine their military spending, which, according to a World Bank figure, swallows an average of 5.9 per cent of the GNP of developing countries.

Mr Clausen, the new World Bank president, deserves sympathy as the man caught in the middle. He will have to muster all his tact and forcefulness, because the World Bank's task is even more urgent now than when Mr McNamara *took over.*

The rise in the oil price has hit the poorest countries particularly hard. Commodity prices have moved against the developing world, reducing their export earnings. The rise of interest rates has boosted the cost of their borrowing.

When aid is being reduced by Western governments in their drive for financial self-discipline, and when the urge to protect jobs is reinforcing protectionist sentiment, multilateral lending agencies like the World Bank acquire particular importance in the business of channelling funds to the developing world in a way which provides some safeguards that the money will be spent usefully.

The drift away from the city

NOBODY WHO has visited the wastelands along the London river, or in the heart of Liverpool or Glasgow can have been much surprised at the results of the census. It shows the decline of the great British conurbations, a trend which is already a fact of life in the richer countries, from New York to Marseilles. It is only in the developing world, notably in India and Latin America, that cities are still growing dynamically, to achieve new records in size and squalor. Shrinking cities, like declining population growth, are a sign of affluence and material progress.

This development is in many ways as welcome as it is inevitable. It is a response to deeply felt demands: the planners, who once dreamt of new, hygenic concentrations of high-rise development to create a new style of city life have at last learnt from the people to appreciate the joys of suburban living. The population shift is a large though largely unrecorded improvement in living standards, and it is absurb to think of it as a "crisis."

Implications

It does, however, pose problems, both for administration and for economic management. In the cities, the pace of social change is much faster than the change in population totals would suggest, and this has economic implications too.

While many of the most dynamic members of the working population have moved out, two very different classes have been moving in. In the pleasanter areas of cities, the newcomers are mainly middle-class office workers (and this again is an international phenomenon); in the vacated slums and near-slums, immigrants and others who have failed to get onto the escalator of *steady jobs and owner-occupation* are concentrated. The loss of the largely self-reliant skilled working class—what Victorians called the artisans—has been disproportionately great.

Mobility

This not only poses obvious social problems, from Detroit and Boston to Brixton and Bristol, but has possibly disturbing economic implications. The conurbation has been the historic home of very small enterprises. Like the populations of large, poor cities, these tend to have a high birth rate and a *high mortality rate, but this has* never caused much disruption. When there are a hundred enterprises within walking distance of one's own front door, labour mobility is automatic, and natural selection can flourish. As the working population becomes more dispersed, *and industrial ownership more* concentrated, this form of change becomes increasingly disruptive, and both socially and fiscally costly.

For all these reasons, it would be foolish to be complacent about the decline of *major cities: unlike the* plesiosaurs, working communities may become less adaptable as they grow smaller. There are economic as well as social arguments for diverting resources towards the revival of the city environment in the in the areas between the gentrified inner suburbs.

Priority

The present stress of Government policy towards the local authorities, shifting resources towards the new growth areas, could thus prove short-sighted unless it is balanced by other steps to attract capital and ease restrictions towards industrial revival in the cities. It is also important to give priority to other measures, notably in housing finance, to encourage *mobility. Improved amenity is* welcome, but not at an excessive cost in potential dynamism.

Six months on the high seas

By John Wyles in Brussels

THERE ARE few international diplomatic ordeals which test the ship of any state more rigorously than the one which begins today for the UK. For the next six months, Britain will be flying the pennant of President of the EEC's Council of Ministers during a voyage which will impose severe political, physical and administrative strains on Mrs Thatcher and her senior Ministers, particularly Lord Carrington and Mr Peter Walker.

They will be lucky if they and their officials survive the trip without occasional turbulence, and already prayers of thanks are being offered up for the fact that summer holidays and Christmas breaks shorten the effective length of service to about four and a half months. Paradoxically, however, this increases the sense of burden because there is so little time in which to satisfy the many political requirements for a successful British presidency.

Lord Carrington has been assiduously working to damp down expectations for several weeks, stressing the number of issues which Britain will inherit and pass on to the next Council President (Belgium) with at best only modest progress towards agreement. *His specific ambitions on domestic* issues, apart from EEC reform, are consequently downbeat; agreement on a new EEC directive on insurance services, moves to open up airline competition and to extend the Ten's mutual recognition of each other's professional qualifications, and agreement on a Common Fisheries Policy.

Politically, the Foreign Secretary and his colleagues want to secure Britain's rehabilitation within the Community after the scarring row in 1979-80 over its budget contributions. Thus, they want to steer the Ten within sight of a package of agreements on the Commission's proposals, published last week, on the reform of agriculture and other policies. In the process, London hopes to set relations with France on a more constructive footing now that there is a government in Paris apparently seized by a similar desire.

If all this can be accomplished, the Government believes that its performance in the Presidency might do something to roll back *the swelling* tide of anti-Community sentiment in the UK. At the moment, this is more hope than conviction, although, surprisingly, Ministers do believe that British-sponsored EEC foreign policy initiatives such as Lord Carrington's talks on Afghanistan in Moscow next Monday have a very positive impact on domestic opinion.

None of these aspirations is unreasonable, but Mrs Thatcher and her crew will quickly discover how easy it is to lose sight of them once the inevitable *fog of political problems* and administrative responsibilities descends on the Presidency.

Britain is not, and will not be, in charge of the Community. For six months, she will be responsible for organising the work, discussion and implementation of decisions in the Community's most important institution. Lord Carrington and his junior ministers will have to answer for these decisions at the monthly sessions of the European Parliament, while Mrs Thatcher *must speak for the Community* at next month's world economic summit in Ottawa and play host to an EEC summit in London in November.

While co-ordinating the overall effort in the Presidency, Lord Carrington will also become the Community's foreign policy spokesman and will outline its objectives before the UN General Assembly in September.

Meanwhile, Ministers will take the chair at the 47 EEC ministerial meetings in Brussels, Luxembourg and the UK which have so far been scheduled between now and the end of the year. As chairmen, they will be expected to display patience, tact and skill in developing compromises to bridge differing national interests on subjects as diverse as Yugoslav baby beef imports and excise tax harmonisation. Their efforts will be underpinned by those of their officials led by Sir Michael Butler, the UK's permanent representative to the Community, who must provide together the chairmen for no fewer than 173 working groups.

This will be only Britain's second shot at the Presidency since the UK joined the Community in 1973. The last performance, during the first half of 1977, drew only mixed reviews. Those six months were blighted by the death in February of Mr Anthony Crosland, the Foreign Secretary, and by a sense of expectations unfulfilled. Conservative Ministers claim their Presidency will be different, expectations are more realistic and, they say, this time the UK has a Government totally committed to the Community and to making UK membership work.

Community partners are uncommonly interested in how the British will fare, not least because the reform issues dominating the next six months are both crucial to the Community's *future development* and of vital British national interest. While the Presidency does give a Government a different perspective on EEC problems, it also makes it difficult for the Presidency country to fight bare-knuckled for its national interests.

Thus, the UK's management of the coming negotiations on Common Agricultural Policy reform and budget restructuring will require great political sensitivity. In other areas, such as fisheries, it should offer enjoyable political theatre. Mr Peter Walker, for example, will be required to don the mantle of detached chairman and try to edge his deputy, Mr. Alick Buchanan Smith, temporarily elevated to the role of chief UK negotiator, towards agreement with France's M Louis Le Pensec *on the highly vexed* common fisheries policy.

The change of government in France is still such a new and unpredictable element in Community politics that the only certainty is that it has altered the context of the British presidency. The Giscardian approach was long on rhetorical commitment but short on practical contributions. The close alliance with Germany proved an effective means of safeguarding French national interests in agriculture and a real brake on the development of new internal policies for the Community.

The Mitterrand approach, as articulated by his External Affairs Minister, former European Commissioner Claude Cheysson, fears for the future of the Community if it continues to be dominated by wrangles *over such things as the British* or German budget contributions and the elements of a Common Fisheries Policy. It implies that such clashes of national interest would be more easily resolved if there was a stronger sense of momentum in Community affairs.

The British would not demur from this view, but add that momentum would be more easily found if the advantages of Community membership were evenly balanced between member states. Mrs Thatcher means by this a lasting assurance that the UK will not be a major net contributor to the EEC budget.

The Commission's reform proposals, published last week offer a bridge between the two positions of potentially great political importance. They concede that the UK's budget position needs a specific and lasting remedy, initially in the form of a particular mechanism to reduce payments which would become redundant as other policies of budgetary advantage to the UK are developed.

The accent on the need for a broader advance in Community policies is the one to which the UK should be seen to respond during its Presidency if the relationship with Paris is to acquire a new quality. If, by contrast, Mrs Thatcher is seen to be pushing the negotiations on the proposed new financial mechanism for the UK more eagerly than the corresponding proposals on the CAP and new approaches to social, regional, energy and industrial policies, then she will, in the words of one Commissioner, "fail disastrously."

But the Germans will also need sensitive handling. At the moment Bonn is clearly struggling to adapt to the changes in France. If Chancellor Schmidt ignores the advice of his Foreign Office and bangs the drum in favour of some limits on Germany's budget payments, then the UK could find itself in the unique position of trying to build a bridge between Paris and Bonn.

The Commission's document implicity rejects the Chancellor's demands because it takes the view that the West German economy has benefited enormously from the Common Market for industrial goods and because it sees the Ten as an emerging economic system in which the strongest *economies should help* the weakest.

The crowning achievement for the British presidency would not be full agreement on the Commission's reform proposals by December, for this is practically impossible. Rather, it would *be the creation of* detailed consensus between France, Britain and West Germany on the steps necessary to restore the Community's vitality and to prepare it to accommodate two new members, Spain and Portugal, by the middle of the decade.

It is still too soon to predict the elements of that consensus, but it is beginning to appear that the UK may have to pay a subscription fee of some domestic political importance. Between the lines of the Commission's report is an assumption *that during the coming* negotiations an increase in the 1 per cent Value Added Tax limit on member states budget contributions will be seen by most of the Ten as not only inevitable but desirable if new policies are to be developed.

Only the UK and West Germany stand clearly against raising Brussels' revenues, arguing that agricultural reform must be seen to be agreed and working before the idea of passing more money to the EEC could even be considered. For several reasons the West German line may not hold.

In which case, Mrs Thatcher could face the awkward choice within the next two years between being held responsible for blocking the Community's future development or seeking the necessary ratification from the British Parliament of proposals to increase the spending power of Brussels.

Whatever Britain does in the next six months or the Community achieves in the next two years, that Parliamentary majority might be hard to muster.

Common Market leaders pose for the "family photograph" in Luxembourg yesterday

Ministers believe that British-sponsored initiatives such as Lord Carrington's talks on Afghanistan in Moscow next Monday have a positive impact on domestic opinion. But the Foreign Secretary has been at pains to damp down expectations about what Britain can achieve during its EEC Presidency.

MEN AND MATTERS

Overtaking

And the winner is . . . John Hignett, Cambridge boxing blue and now director-general of the Takeover Panel. Apart from a fine pair of fists, maverick financiers crossing Hignett's path should also look out for the nifty swordwork which he no doubt acquired during his stint in the 10th Hussars.

Not that it should come to that, of course, since the new takeover chief's accountancy training at Deloitte should help him see through in advance some of the more imaginative window-dressing which companies do from time to time seem keen on using to help press their suits.

Hignett comes to the job believing that the Panel's most useful work can often be the banging together of heads behind the scenes—though he adds that he will not be at all averse to publishing full statements on controversial decisions.

He is also unfussed about the growing use of press advertising in bid battles—a practice which his own firm, Lazard Brothers, used tellingly when it went to war on behalf of Dalgety and brought home the spoils of Spillers. "As long as they are not misleading," he says. "I do not see anything wrong with people using advertisements to go at it hammer and tongs."

Back at the Lazard ranch, Hignett's job as corporate finance chief will go to his deputy, Neil Mackay. Hignett does plan to return, but directors-general of the Panel have historically proved a foot-loose lot.

Ian Fraser, first of the six Panel chiefs, was seconded by S G Warburg and is now chairman of Lazards. Martin Harris left Price Waterhouse and is now with mustard men Reckitt and Colman. David Macdonald went briefly back to Hill Samuel before moving to chief executive at Antony Gibbs. Only Graham Walsh, yesterday's Panel man, and John Hull are still at the banks whence they came—Morgan Grenfell and Schroders respectively.

"I'd like a front row seat for 'The Romans in Britain' trial"

Two Bruces

Bruce George, the MP for Walsall South, is most concerned *lest I give the impression that* he has launched a campaign of vilification against Bruce Douglas-Mann, his Labour colleague from Mitcham.

Unfortunately, answers to his entirely innocent questions on House of Commons select committees rather give that impression. George, a former senior lecturer in politics at Birmingham Polytechnic and a firm believer in Parliamentary checks and balances, had set down a series of written questions on the committees, examining their attendance records, membership turnover, meetings in public and extra Parliamentary visits.

The Environment Committee, chaired by Douglas-Mann, came out badly down the list. Its attendance record at 69 per cent was the lowest of all its main rivals, while membership turnover at 24 per cent was the highest.

An explanation for its lack of public meetings (11 in 1979-80 compared to 23 at Defence and 30 at Transport) is adequately explained away by its interminable, but necessary, private meetings examining evidence on the sale of council homes.

Nevertheless one wonders whether a committee whose brief is the environment might not have spent a little more on visits outside Westminster—total costs for these over the year were £23.

Jumping the gun

The reputation of American journalism, battered several times already this year, took another body blow in Washington on Monday night when local television stations interrupted regular programmes to announce that the city's mayor, Marion Barry, had been shot and critically wounded.

The media, it quickly transpired, were the victims of a hoax of such transparency that Washington journalists are in a fine self-flaggelating lather over the fact that not even the most elementary checks were made before the story was on the air.

The blunder follows fast on the heels of the Washington Post's embarrassment over the Janet Cooke affair (a Pulitzer Prize-winning story about an eight-year-old heroin addict who turned out not to exist) and the resignation of a New York Daily News columnist for having concocted stories from Ulster.

What happened on Monday night was that somebody telephoned the Washington office of NBC and said that Mayor Barry had been shot. The caller said he was phoning from the Mayor's "command centre" in City Hall and left a number. The network quickly alerted its local station, where a desk man called the proffered number, got confirmation of the story and within seconds it hit the air waves.

The trouble was that the telephone number was not that of the command post, but was placed from a public call box. Every local reporter has the command centre number, but nobody thought to call it until it was too late and the news was coursing through rival stations, the radio, and wire services.

Somebody finally tracked down the poor mayor, who was quietly minding his own business at the house of a friend. On rushing back home he was gratified to discover a large, grieving crowd on his front lawn.

Good offices

Those old combatants, free enterprise and consumer protection, seem to have met their match in Phillip Oppenheim, the clearly enterprising 25-year-old son of the Minister for Consumer Affairs, Sally Oppenheim.

While mummy battles in Whitehall with cowboy merchandise, Oppenheim Jnr is riding the range in Colorado in the hope of lassoing a few more subscribers to What To Buy For Business, his discriminating office equipment guide for the corporate consumer.

In its first year, the monthly magazine has already sold 5,000 subscriptions at £28.50, and Oppenheim, with his partner John Derrick, hope that their U.S. office could lift sales to around 20,000 by 1983.

Derrick, a 24-year-old graduate of Oxford and Morgan Grenfell, told me that the idea for the paper struck them when they were looking for computerised photo-typesetting equipment. "We assumed there must be some sort of guide—but there wasn't," he said. "When we eventually bought the equipment, we found out shortly afterwards that it was out of date."

Sally Oppenheim herself is a regular reader, Derrick told me, though he added, with unseemly haste, the rider that "she has no hand whatsoever" in its production.

Observer

Max Wilkinson reports on the reasons why Matsushita is having to rethink its international strategy

The parable of the smashed TV cabinets

ONE DAY, the employees of a small television set factory in the Philippines were ordered by their new Japanese owner to pile up a large number of substantial cabinets sent in by an outside supplier.

The supplier was summoned, and before his eyes, the cabinets were slowly smashed into pieces. Then he was paid in full and asked if in future he would please try harder.

He did. The Philippines factory soon returned to profit; and now 12 years later, Matsushita Electric, which ordered this strange manifestation of its "mission," has become Japan's—and the world's—most powerful force in consumer electronics.

To the company, this Oriental parable of "The Smashing of the Cabinets" explains how the moral philosophy on which it says all its business plans are based, has enabled its National and Panasonic products to sweep across the world.

The corporate faith, which all senior executives unswervingly profess, holds that last year's $13.7bn (£7.1bn) sales and the sharply rising profit—up 27 per cent to $584m—are the mere monetary expression of the company's success in pursuing a wider social purpose. Indeed, the company creed, laid down by its 85-year-old founder, Konosuke Matsushita, states: "Matsushita Electric believes that profit is not the goal of a business enterprise . . . the primary goal of business should be to contribute to society in return for having had the use of society's resources."

From this perspective, the Filipino cabinet maker was just being humbled so that he might repent of his wickedness in supplying shoddy goods to the customer. But to Western eyes, the incident might well suggest quite different prejudices: that the Japanese are ruthless towards foreign suppliers and competitors and that their devotion to efficiency borders on the fanatical.

To Matsushita, and to many other Japanese electronics companies, the Western view, whether ignorant or reasoned, has recently assumed much greater importance. They are being threatened from Europe and from the U.S. by increasingly strident demands for protectionism, just when the dynamics of their business, their robotics and the momentum of research all combine to demand expansion.

Improvements in productivity, based on microelectronics and computerised assembly lines, are now proceeding so fast that without a constant stream of new products—and the foreign markets to sell them in—jobs would be threatened in Japan.

Even in Matsushita, which accounts for nearly a fifth of the Japanese electronics industry's $72bn of annual production, the company labour union has recently made representations about the possible loss of jobs in Japan as a result of automation. For a company dedicated since its foundation in 1918 to the principle of "lifetime employment" this is an extremely serious matter.

So Matsushita is caught in an acute dilemma which results partly from foreign political and commercial pressure to expand overseas production, but also from the consequences of its own philosophy.

The old simple faith of duty to the consumer and society presented no difficulties in the struggling 1930s, when it was first formulated by "KM" for his 300 workers. But now, with overseas sales of nearly $5.5bn and manufacturing plants in 23 countries, the question becomes: "Duty to which society?"

For the fact is that the centre of gravity of Matsushita's overseas investment is in the cheap labour areas of the Far East such as Taiwan, Malaysia and Singapore and, despite its investments in Europe and the U.S., the main flow of its products is still overwhelmingly from East to West. The philosophy of pleasing the customer must increasingly be set against the hard fact that Japanese products have been accused of throwing European workers onto the dole.


Matsushita's president, Toshihiko Yamashita and its founder, Konosuke Matsushita

Matsushita's response to these pressures it to make a substantial shift of its investment overseas. Its target for the increase of overseas manufacturing is now 20 per cent to 25 per cent a year compared with expected corporate growth of about 14 per cent.

Mr Toshihiko Yamashita, the president, says that he does not expect the company's exports from Japan to grow substantially from the present $4bn.

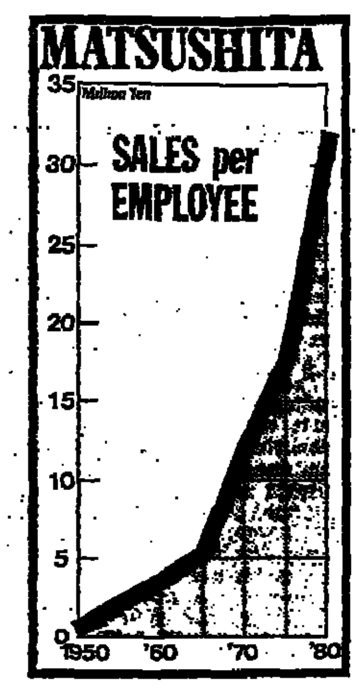
The increase in overseas sales will therefore have to come from new factories abroad which will absorb a substantial portion of the company's capital investment, now running at about $760m a year.

This policy of overseas expansion is fraught with dangers, which Mr Yamashita sums up rather bleakly by saying: "We expect it will be considerably less efficient than the equivalent investment in Japan." He adds, however: "If the investment is required for social reasons in less efficient areas, we will go ahead. I believe it is very important that we should consider not only the commercial factors. And, of course, we hope that the less efficient areas would have the potential to become more efficient."

The transfer of production technology overseas is expected to be matched in the long-run by the setting-up of research and development centres in Europe and the U.S., as a complement to the 23 laboratories in Japan. This is partly because of the growing shortage of technologists in Japan to work on the ever-expanding applications of electronics.

However, the speed and the extent of the transfer of production and technology outside Japan still remain open questions. Mr Yamashita says the group is open to requests from potential "host countries."

One reason for this caution is that Matsushita is extremely anxious to avoid infecting its carefully nurtured philosophy and company spirit with any malignant foreign virus. Of course, it can hardly expect the same oblation before the work ethic as in Japan, where only 50 per cent of its workers take up their annual week's holiday entitlement (managers almost never do), where morning and evening, all workers hold a sort of prayer meeting to imbibe the company creed, where workers are constantly talking and thinking about how to be more efficient and where strikes are less common than earthquakes.



Nevertheless, immense importance is attached to the need to imbue the management of foreign subsidiaries with the company philosophy—and every year some 400 foreigners are sent for training at the company's overseas training centre in Osaka. This is necessarily a slow process, however, and the chairman, Mr Masahara Matsushita, cautions: "Although I think it important to establish manufacturing companies in our host countries, if the preconditions are poor, then their products will not be competitive."

In the UK, for example, he says there could be no further investment in the Panasonic television factory in Wales until the group was sure that the foundations were strong enough to support future growth.

Even with the greatest will to "export jobs," the company faces the additional difficulty that its production plant is becoming increasingly complex. Rows of workers have been replaced by long lines of robots picking up cogs, washers and resistors with their steel fingers and placing them with amazing speed and precision.

Such factories provide ever fewer unskilled jobs on the one hand, while on the other they require the attention of specialist engineers who can adapt the robots for the increasingly frequent changes and development of products. These specialists usually have to come from Japan, since the training of foreign nationals is expensive and time-consuming.

The transfer of Japanese technology overseas will not, therefore, be easy, however much the politicians demand it. Yet the demands seem likely to increase because the flood of new ideas and inventions now coming out of the Japanese electronics industry is so powerful that even where it is dammed up, it will quickly burst out into new directions.

In recent history, for example, protectionist barriers in the UK and the U.S. succeeded for a while in restraining Japanese imports of colour television sets. But the Japanese companies, with Matsushita and its subsidiary JVC now in the lead, responded with the video tape recorder. World-wide sales of these machines will probably be worth more than those of television sets within three or four years.

But the video tape recorder, still not made in the U.S. and only in relatively small numbers by Philips and Grundig in Europe, is only the beginning.

This year Matsushita alone will spend about $560m on research and development. From its 6,000 researchers it expects to produce 10,000 new inventions every year, of which about 1,000 will be incorporated into products.

In its laboratories it can demonstrate a cornucopia of consumer goodies. Elsewhere it is developing its own robots, which, apart from drawing pictures for visitors, will be put to use assembling a wide range of the new products.

These range from miniature talking computers and translating machines to a video camera which incorporates its own recorder and miniature cassette. Television with stereo sound is already available, and ultra-high definition colour TV is waiting for satellite broadcasts to begin.

MATSUSHITA ELECTRIC: 1980 SALES

	%
Consumer electronics and components	48
Home appliances	24
Communication, measuring, and business equipment	6
Industrial equipment	5
Semiconductors, lighting and tubes	4
Batteries	4
Others, including bicycles	9

Whether any or all of these inventions will hit the mass markets remains to be seen — Matsushita is traditionally rather cautious about launching new products, preferring to be sure than to be first. The important fact is that when and if such markets develop, Matsushita and its Japanese rivals will be ready, while many of its European competitors will not.

Mr Yamashita, through his interpreter, said: "In the next few years, epoch-making equipments will come true."

He added: "Next time we talk there will be no difficulty: we will have a little Japanese translating machine between us."

Letters to the Editor

Theorising in disguise

From Mr P. Shore MP

Sir,—Peter Riddell tells us in the Lombard column (June 26) that the Government should not be criticised for its pursuit of policies based on a dogmatic attachment to a particular theory. His argument is that all policies are based on theory, so pragmatism is only theorising in disguise. Of course he is right to say that we cannot understand the economy without some concepts with which to organise that understanding.

But understanding the economy consists of more than just theorising. It also consists of observing the economy. This is what the Government fails to do. The charge which, I take it, Mr Peter Walker was making in the safe haven of New York, was not that his colleagues were theorists but that their theories had no relation to real life.

The Government's theories tell us that we must reduce the PSBR. This in turn, will reduce the money supply and hence inflation. The other wing of its theory of which we have heard rather less recently, is that reducing taxation will stimulate enterprise and economic activity. On none of these propositions has the Treasury succeeded in producing any supporting evidence and indeed, recent events have given them no credence.

The Labour Party's policies are also based on certain concepts. They include such beliefs as:— a more competitive exchange rate will cause output to rise: if the Government increases its spending, this will stimulate the economy: increased output will stimulate investment. All these theories are well supported by evidence from the UK and other countries.

I am sure that by defending theorising, Peter Riddell did not mean to defend any theories but only those which fit the facts.

Peter Shore.
House of Commons, SW1.

An apposite reminder

From Mr P. Duffy

Sir,—I cannot let Peter Riddell's article—the fallacy of Peter Walker (June 26)—pass without my pittance of protest at a rare fall from your usual high standard of informed and meaningful comment.

Peter Riddell's glib analysis of two words from the Peter Walker quote he selected—viz "sane and pragmatic"—totally ignores the main thrust of Peter Walker's argument that now is not the time for Governments to become "Too fascinated by any economic theory". Mr Walker's prescriptive admonition is against over indulgence, rather than, as Peter Riddell attempts to persuade us later in the article, a complete rejection of economic theory as a practical tool.

Peter Riddell's own ponderous emphasis on the truism that any action in this imperfect world presupposes a theory about how the world works would no doubt be endorsed by Peter Walker himself and many other economic theorists and "sane and pragmatic" politicians. Peter Walker's drift as I understand it is that Western Governments are indulging in an unhealthy and blinkered overeliance on pure economic theory—a view which deserves a deeper analysis than Peter Riddell attempted, however disquieting this might be to pundits of economic theory.

As Peter Riddell says, the last word undoubtedly lies in the famous quote from Keynes but in the sentence which follows the one he limited himself to and which runs "Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back" — is an apposite and timely reminder from the doyen of academic scribblers.

P. J. Duffy.
47 Almond Road,
Westerton, Bearsden,
Glasgow.

Learning from the facts

From Mr M. Clarke

Sir,—Surely Peter Riddell (Lombard, June 26) commits an elementary error in confusing pragmatism with absence of theory. Mr Walker is a true Englishman in that he allows the facts and experience to teach him theory, Newton style, instead of dictating the theory to nature and making a mess of it, Descartes and Mrs Thatcher style.

Mr Walker has seized the economic truth that an industry is a plant that has to be tended and protected, not a Topsy that just grows, according to the non-interventionism of the Financial Secretary. Mr. Nigel Lawson should have a look at the history to which he airily refers, and see the unbroken line of state interventionism from the days of Henry VII to the 1820s, when the Smithean (Scottish) heresy blighted the fair face of British industry.

M. A. Clarke.
16, Stedham Chambers,
Coptic Street, WC1.

Friends of Israel

From Mr John L. Marshall, MEP

Sir,—I should like to correct the false impression given by Walter Ellis' article about the visit of Mr David Kimche to the European Parliament.

There is in fact a large (over 100 MEPs) group in the European Parliament called "Friends of Israel." We arranged for Mr Kimche to address some months ago. Thus to describe his visit as "lobbying" is wrong. It was a long-arranged visit designed to provide MEPs with more information.

It is perhaps significant that our group includes members from each of the political groups other than the Communists and from nine of the ten Community countries.

John L. Marshall
MEP for London North,
Member, Friendship with
Israel Group,
European Parliament.
2, Birkdale Road, W5

Objective reporting

From Mr. R. Bonwit

Sir, — Your thoughtful editorial (June 29) on the proposal to abandon the main French and other services in BBC external broadcasts deserves full appreciation by all concerned. In general terms, one may say that the attempt to righten a long-standing tendency to sacrifice the technical quality of transmissions to the quality of programmes should be welcomed. But the relevant outlay is minimal in terms of national economics, and the overall savings contemplated by paying for overdue transmitter facilities though cuts in services have been—rightly—compared with the daily subsidy to BL. It is not clear what important purpose is to be served by reducing to shreds the most prominent war-time service of the BBC.

What the proposed cuts will possibly achieve, is to assert a more direct Government control over the quality and shape of our transmissions for listeners abroad. The great asset built up by the conscientious work of the BBC external services during and since the war is its reputation for objective reporting and fair comment on military, political and cultural issues and continuity in presentation. There was very little ad hoc propaganda or specious argument in these broadcasts—and one may doubt whether this achievement could have been sustained without relative freedom from interference by Government departments and special wartime agencies. If was thanks to the stubborn insistence of BBC war-time staff that a deterioration of the external services into the equivalent of their caricature by one of their best-known contributors—the Ministry of Love in George Orwell's "1984" was avoided.

It is tempting to assume that the widespread resort to TV and radio pop music has ruled out the chances of maintaining a steady audience to foreign broadcasts—and that, therefore, broadcasting, eg in French to France, is a waste of air time. But the popularity of domestic features such as Radio Four's "Today" programme should give the lie to this assumption. More could possibly be achieved, however, by including a steady stream of exchange programmes with foreign stations. What those eager to streamline our external services tend to forget is the fact that there can never be a guarantee that "normal" political and economic conditions in any country can never change, so that an "uninterested" audience may suddenly be driven to search for the truth from such sources as the BBC. Not all foreign listeners are able to follow broadcasts in English, so that in a critical situation the availability of a steady source of objective information in their own language may prove invaluable. But it is important that this source be never tarnished by ad hoc gimmickry. Oppressive as the hand of BBC bureaucracy may sometimes appear to its more creative staff, it can do far less harm to the essential quality of a service based on its mission to tell the unvarnished truth than could direction or directives from ultimately political quarters.

Ralf Bonwit.
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames.

Today's China

From Mr Gu Xiancheng

Sir,—I as a Chinese citizen thank Mr Malcolm Rutherford for his article "Can 1bn people be wrong?" carried in your issue of May 8, which gives a quite good account of what is happening in some place in China, at a certain time. However, there are a few points in it which, if elucidated a little bit more and clearer, I think, would have convinced your readers greater and led them to a better understanding of today's China.

Simply telling your readers that "it is possible for a couple to be allowed to marry—and still be prevented from living together," that "if they make the pledge and then break it, they will be in trouble," and that "parents who never make the pledge and go on producing children are penalised" without explaining what, why and how would only arouse your readers' misgivings about the repugnance against China's policy on population. I think this is only a slip of the writer's pen.

In order to restrict the excessive growth of urban population, migration of people in China from the countryside to the city, from cities to cities, particularly to Beijing and Shanghai is not free, except for such case as where, for instance, the service of a scientist or expert of remarkable calibre is required by some institute or working unit in a given city. Because of this policy, thousands upon thousands of married men and women who are working in different cities cannot live together. However, local governments are doing their best to arrange the transfer of either the man's or the woman's work to the city where his or her spouse is living. Though the number of married people who have been thus benefited is fractional, it tells that the problem has not been unsympathetically overlooked by local authorities as might have been surmised by some people.

Chinese young people are advised not to marry too early and, once married, not to have too many children. The ideal family is a couple with only one child. To attain this aim, local governments and working units are taking whatever measures they think sensible and suitable to the people within the sphere of their jurisdiction and management, such as making pecuniary grants, giving priority in allotment of accommodation and provision of medical care to the couples who are childless and those who make the pledge to have only one child. If they break the pledge, they just lose the advantages and benefits or refund the grants received. If there is any trouble, that is all they will meet with.

Voluntaryism is maintained when people are called to have planned child birth. But in a vast country like China, you cannot be assured that there would be no people, however few they are, in authority who follow the policy with resolution and a good heart but arbitrarily take drastic actions against the wishes of the people and the purpose of the policy. Whenever and wherever such wrong doings are discovered, they are stopped and corrected. What Mr Rutherford mentions as being "penalised" might be an isolated case, but its consequence is really disgusting.

One more point, I shall be obliged, if you, Mr Editor or Mr Rutherford will be good enough to enlighten me on. That is the term "open doors policy" which the writer uses in his article to describe China's present policy of opening to foreign investors the field of investment in her economic construction. The essence of the policy does not seem to fall within the meaning of "equal opportunity for all nations to trade with a given nation, without restrictive terms" as given in the Webster's New World Dictionary Second College Edition. Could you find any available English word or term which will express more appropriately what foreign businessmen are doing with us in China?

Gu Xiancheng.
c/o CITIC,
2 Chienmen Dongdajie,
Beijing, China.

New chemicals controls

From Mr C. Simeons

Sir,—Your report that the UK chemical industry faces a further period of decline during the current year makes unhappy reading. But this will be compounded if the Health and Safety Executive's proposals in the consultative document "Notification of new subtances" are implemented as they stand.

UK producers of new chemicals will face controls which exceed those of our EEC competitors and come to that the U.S. Toxic Substances Control Act. Britain will have to notify intermediates with all the cost involved, let alone the requirement for 300 animals for each test excluding fish and flies. The consequence must be that multinationals will move their operations from UK to countries which will not be exceeding the requirements of the European directive.

It is said that the trade unions demanded this step to safeguard their members, but already the provisions of the Health and Safety at Work Act ensure this protection, especially when many of these substances are used in a closed circuit.

Charles Simeons.
21 Ludlow Avenue,
Luton, Beds.

Stable money supply

From Mr R. A. A. Windsor-Clive

Sir,—It is stated in "Foreign currency holdings threaten monetary control" (June 22) by David Marsh that "A big build-up of foreign currency deposits by UK residents, together with a sizable increase in international holdings of sterling, threatens to make the pound more volatile and to impede the Government's efforts to control the money supply."

It is not clear why the effect of these two developments should have an adverse effect on the money supply. Those who have built up foreign currency deposits have presumably done so because they thought sterling might fall, and those who have been building up sterling holdings from overseas, have presumably done so because they thought sterling might appreciate.

Whereas everything else concerned with the money supply is in a state of growing confusion, these developments taken together surely indicate a healthy market which is not necessarily having an overall adverse affect on the money supply; and may well have provided a greater stability.

R. A. A. Windsor-Clive.
38 Jamestown Road,
London, NW1.

Today's Events

GENERAL

UK: Lord Carrington, Foreign Secretary, attends National Economic Development Council meeting, London.

Mr John Biffen, Trade Secretary, addresses Trade Policy Research Centre dinner, Waldorf Hotel, London.

Lord Soames, Lord President of the Council, speaks at Canada Day dinner, Savoy Hotel, WC2.

Mr Edward Heath and Sir Alec Cairncross (former head of Government economic service), are among speakers at conference on revitalisation of Britain's industry and economy, Hilton, W1.

Stock Exchange raises general levy on members to 1½ per cent.

Nationally recognised divers' certificate comes into force.

Prince Charles visits Newcastle upon Tyne.

Overseas: Lord Carrington, Foreign Secretary, becomes President of EEC's Council of Ministers, Brussels.

Mr Peter Walker, Agriculture Minister, assumes presidency of EEC's Council of Fisheries Ministers, Brussels.

PARLIAMENTARY BUSINESS

See Parliamentary News on page 14.

OFFICIAL STATISTICS

Department of Energy publishes advanced energy statistics for May.

COMPANY MEETINGS

Albany Investment Trust, Castle Chambers, Castle Street, Liverpool, 2.30. British Home Stores, Connaught Rooms, Great Queen Street, W.C. 11.30. Buckley's Breweries, Gogerddan Arms, Tanygroes, Aberporth, Dyfed, 10.45. Downiebrae, Merchants' House, 7, West George Street, Glasgow, 11.00. London Trust, Connaught Rooms, Great Queen Street, WC, 12.00. J. Sainsbury, Connaught Rooms, Great Queen Street, WC, 12.00. Stylo Shoes, Harrogate Road, Apperley Bridge, Bradford, 3.00.

SGB dives to £5m midway but holds payment

AS PREDICTED, a substantial fall in first-half profits is announced by SGB Group, the industrial holding company. On slightly lower turnover of £65.54m, against £66.53m, taxable surplus dropped from £7.66m to £4.97m for the six months to March 31, 1981.

The directors say that as yet there is little sign of any real improvement, but they are recommending an unchanged interim dividend of 2.3p net—last year's final was 3p.

At the annual meeting in March, the directors said the recession was to blame for the poor trading conditions and a poor first half had been experienced due mainly to the long Christmas holiday period.

The group's principal activity is the supply and hire of equipment and services, mainly to *the building, civil engineering,* energy and manufacturing industries.

The half-year pre-tax profits were struck after net interest paid of £1.63m (£1.5m). Tax charge rose from £1.97m to £2.3m and after minorities, the attributable balance came through at £2.63m, compared with £5.61m.

Stated earnings per 25p share tumbled from 13.8p to 6.4p.

Current cost accounting *reduces pre-tax profits to £3.51m.*

Lex, Back Page

British Tar profits fall to £707,000—pays same

PRE-TAX profits of British Tar Products slid from £1.58m to £707,000 in the year to March 31 1981. Turnover of the group, which has interests in bulk storage, chemical manufacture and merchanting, was also lower at £23.83m compared with £25.28m.

The final dividend is equivalent to an unchanged 1.575p for an effectively maintained total of 2.1p.

Tax was down from £215,000 to £113,000, leaving attributable profits lower at £594,000 compared with £1.37m. Basic earnings per 10p share were 3p, against 8.07p adjusted, and fully-diluted 2.93p (7.14p).

Commenting on the year's figures, the directors say the chemical industry worldwide has experienced difficult conditions.

The bulk storage division has, however, performed well.

Borrowings have been reduced by some £500,000 and investment, in addition to plant and machinery, amounting to £671,000 has been provided from cash flow.

• comment

Profits from BTP were some £200,000 higher in the second half than those of the first as the group responded to the textbook treatment for cutting overheads and conserving cash. Inventories were down by £750,000 by the year end, net debt had been cut by around £500,000 and a much reduced capital spending programme is comfortably covered by cash flow of £773,000. The shares were unchanged yesterday at 33p at which point the maintained dividend yields 9.5 per cent. Volume probably fell by as much as a quarter last year and recovery is still some way over the horizon. For the longer term, however, BTP is planning to develop the two most recent speciality chemicals acquisitions, Nipa and Hodgson Tanning, in which it foresees opportunities for new, and more fashionable, product innovation. The shares are tightly held.

LYLE SHIPPING

Acceptances have been received in respect of 96.5 per cent of *the 1.9m shares of Lyle Shipping* offered in a one-for-four rights issue.

The company has also announced that Mr H. A. Walkinshaw and Mr T. S. Shearer retired yesterday as directors.

Loss-maker Richards & Wallington calls in receiver and manager

BY RAY MAUGHAN

JUST TEN weeks after a debt reconstruction which appeared to shore up its future and two months after the appointment of Mr Geoffrey Parsons as chairman and chief executive, the loss-making crane hire group, Richards & Wallington Industries *has requested the appointment* of a receiver and manager.

The board reported the current *trading performance and prospects* to its lending banks and submitted proposals for their *continued support.* But Mr Parsons and his colleagues were informed yesterday that the proposals were not acceptable to the banks. The listing of the ordinary and preference shares were suspended at the group's request.

The reconstruction had been arranged with 24 banks in the *middle of April after Richards* & Wallington reported a pre-tax loss of £5.43m for 1980 against *the previous profit of £2.45m.* The group's founder, Mr Roy Richards, resigned as chairman *and chief executive with effect* from May 1.

The new board was pledged to reduce its debts of £27m at the fastest possible rate and said that, subject to the implementation of an appropriate programme of reduction and provided that it traded in a manner satisfactory to the banks, it would receive continued financial support and overdraft facilities.

Mr John Bishop, who was appointed to the main board as finance director last January, stressed yesterday that the group had met its due dates for interest payments and had operated within its facilities.

At the time of the reconstruction, which imposed fixed and *floating charges on the banks'* previously unsecured loans, the group forecast further losses in the current year and pointed out that it was attempting to dispose of a significant proportion of its hire fleet in a very difficult secondhand market. The balance sheet showed fixed *assets, mostly invested in cranes,* of £29m last December while shareholders' funds amounted to £12.9m.

Mr Bishop felt it likely that the banks, led by Midland Bank *although it is not the largest* lender, were persuaded to withdraw support largely by the *continued deterioration of the* group's trading outlook. Mr Bishop confirmed that, whereas the second quarter usually signals an upturn in the plant hire industry, trading has become if anything even more difficult.

The speed of the decision to appoint a receiver, who has not yet been named, took the group's largest shareholder by surprise — British Electric Traction added 5 per cent to its long-held *20.66 per cent stake earlier this* year in what it described as a "protective move."

British Electric Traction, which has significant interests in the plant hire industry, said yesterday that "it had not anticipated this situation but it is an issue which will now be exercising our minds."

Receivership, however, may accelerate plans for the purchase of the Record Tower Cranes subsidiary from Richards and Wallington by its management, headed by chief executive Mr Mark Taylor-Thomas and finance director Mr Ralph Kershaw. A buy-out on these lines has apparently been under negotiation for some months and looked likely to succeed.

Record Tower has a long established UK sales agency for the French tower crane manufacturer. Its profits last year are said to have been at record levels. Turning over £3.5m annually and employing about 100 people, the subsidiary expects to continue its purchase negotiations with the receiver.

See Lex

HIGHLIGHTS

The Lex column looks at the hefty Inco loan issue with a £25m cash call at £98½ per cent. Lex also looks at the latest results from SGB, which show an interim profits increase *from £5m pre-tax to £7.66m.* The dividend is maintained. The report and account from Arbuthnot Latham also come in for consideration. There is the harsh news of the demise of *Richardson Westgarth. On the inside pages* Brengreen comes up with another rights issue. But the big story of the night is the problems at Richards and Wallington.

Sutcliffe, Speakman loss lower

LOWER second-half pre-tax losses of £144,000—as against £367,000—helped Sutcliffe Speakman and Co. reduce the deficit for the year to March 31 1981 from £503,000 to £374,000. Turnover for the 12 months moved ahead from £7.59m to £8.42m.

There is to be no dividend payment for the year (same) by this Lancashire-based engineering company.

BET Omnibus Services falls to £6.43m

PRE-TAX PROFITS of B.E.T. Omnibus Services fell from £9.14m to £6.43m in the year ended March 31 1981 on increased turnover of £63.56m compared with £54.58m.

At the half year stage this industrial holding company made taxable profits of £2.96m *(£4.69m) and turnover stood at* £30.21m (£24.82m).

The profits before tax include *share from associates of £5.03m* (£5.19m) and investment income of £30,419 (£28,426), and were *struck after interest charges of* £4m (£3.35m).

There was a tax credit of £191,581 (£11.1m charge) and after minority interests of £5,553 (nil) and extraordinary debits of £483,647 (£309,476) the attributable amount emerged at £6.13m (£7.72m).

Earnings per 50p share are stated at 6.15p (84.81p) after extraordinary items. B.E.T. Omnibus is controlled by British Electric Traction Company which together with other of its subsidiaries owns 99.27 per cent of the ordinary shares.

Polymark dives to £0.67m year end

PRE-TAX PROFITS of Polymark International for the year to December 31, 1980 were £665,000, compared with £1.58m in 1979. The company supplies machinery to laundries and clothing manufacturers, and also distributes agricultural and horticultural equipment in France and Germany.

The pre-tax figure for 1980 was after exceptional debits of £117,000 which relate to the closure of a factory in London.

Sales were £20.3m for the year (£19.3m), although the company states that the increase before translation into sterling was as much as 24 per cent. After UK and foreign tax of £367,000 (£683,000), stated earnings per 10p share fell from 15.78p to 5.06p. The net final dividend is being maintained at 1.9p per share, making a same-again 3.7p for the year.

They say that during the year acceptance certificates were issued under these contracts, *following completion of* commissioning trials and monies payable to the company have been received.

Turnover for its chemical plant increased appreciably during the year but the strengthening of sterling against the dollar had a detrimental effect on margins.

The carbon division had a good year despite the effects of the industrial recession, the directors add.

The losses before tax were struck after interest charges of £290,000 (£271,000) and abnormal costs against Middle East contracts of £144,000 (£322,000).

There was a tax credit of £81,000 (£668,000) and the attributable loss emerged at £320,000 (£246,000 profit), after an extraordinary loss of £24,000 (£79,000 gain) and minorities.

The directors say the results reflect the general industrial recession, plus further costs *incurred in resolving trouble*some Middle East brickmaking plant contracts.

The group surplus includes £85,000 (£132,000), being Polymark's 51 per cent share of the profits of a West German limited partnership, Adolf Dreher.

An extraordinary debit of £70,000 consists of goodwill written off on two subsidiaries—Futurail and Gardenmatic — acquired during the year.

In accordance with the group's accounting policies, £652,000 (£120,000) is written off below the line, representing the fall in value of its overseas assets because of changes in exchange rates during the year.

The board states that action taken in the second half of 1980 in rationalising several areas of the company's business, while depressing the results for 1980, allows Polymark to look forward, despite continuing recession and high interest rates, to a better 1981 than 1980.

• comment

The second half of 1980 has set Polymark International back on its heels. Profits before tax and exceptional items were no more than a quarter of the interim figure, and the £0.5m adjustment for exchange differences had to be deducted from retentions of only £4,000. Shareholders' funds thus fell to £3.9m, while debt has risen — perhaps to £5m — and capital gearing may therefore be as high as 120 per cent. Against this somewhat alarming background, the company believes that it has contracted its operations sufficiently to suit demand for its products; management accounts for the first five months of 1981 show Polymark "on an even keel." The shares fell 8p yesterday, to 105p, where the maintained dividend yields 5.1 per cent and the company is still valued at £5.7m.

ERF S.A. sales rise by 76%

Turnover of ERF (South Africa) Pty jumped by 76 per cent to R15.6m in the year to March 31 1981 compared with R8.9m the previous year.

The company, a subsidiary of ERF, Britain's only independent manufacturer of heavy goods vehicles, produced 280 vehicles during the year, against 224, and has a current order book for 210 vehicles.

A number of its products are locally produced with chassis rails, some cabs and engines shipped from the UK.

Based in Johannesburg, the *company employs 210 people. It* currently has a 14 per cent share of the market for trucks of 28 *tonnes and over.* It has depots in Cape Town, Port Elizabeth and Durban, and a separate service and parts centre in Johannesburg.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BR. Cinematograph	1.47	—	2.1	1.47	2.1
British Tar	1.58	Aug 6	1.58*	2.1	2.1*
Courts (Furnishers)	1.95	—	1.95	3.7	3.7
Polymark	1.9	—	1.9	3.7	3.7
SGB Group ... int	2.3	Sept 17	2.3	—	5.3
Textured Jersey	3.75	Sept 28	3	5.5	4.5
Wolverhampton Steam	0.75	—	0.5	0.75	0.5
Jantar	3	July 23	1.5	3	1.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues.*

LONDON TRADED OPTIONS

June 30 Total Contracts 1498 Calls 1315 Puts 183

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	300	18	10	34	—	44	—	314p
BP (c)	320	8	42	20	2	32	1	"
BP (c)	380	¾	32	6	—	11	9	"
BP (p)	300	4	100	9	5	13	—	"
BP (p)	320	11	40	17	—	24	1	"
CU (c)	130	41	—	45	50	—	—	165p
CU (c)	160	12	16	20	11	27	—	"
CU (c)	180	3	10	11	25	16	—	"
Cons. Gld (c)	460	7	7	26	6	36	—	438p
Cons. Gld (c)	500	2½	3	15	6	21	6	"
Cons. Gld (c)	550	1	3	9	21	12	—	"
Court'lds (c)	60	7	15	11½	5	16½	—	66p
Court'lds (c)	70	2	5	7	11	11	5	"
GEC (c)	700	43	13	63	5	90	8	730p
GEC (c)	750	12	45	35	2	55	1	"
Gr'd Met. (c)	140	84	1	88	20	—	—	222p
Gr'd Met. (c)	180	44	27	48	79	55	20	"
Gr'd Met. (c)	200	24	16	32	184	39	61	"
Gr'd Met. (c)	220	6½	78	18	41	25	52	"
ICI (c)	260	24	10	38	—	48	—	280p
ICI (c)	280	9	1	26	—	34	—	"
ICI (c)	300	3	—	14	23	22	1	"
ICI (c)	330	½	—	5	17	13	—	"
Land Sec. (c)	390	26	13	42	10	55	—	412p
Land Sec. (c)	420	6	10	24	4	36	—	"
Mks & Sp (c)	140	½	—	5	3	9½	—	125p
Shell (c)	360	10	—	24	24	40	65	358p
Shell (c)	390	3	16	13	—	25	2	"
Shell (c)	420	1½	10	9	3	17	—	"
Shell (p)	360	9	—	20	15	20	—	"
		August		November		February		
Barclays (c)	390	58	—	65	2	78	—	430p
Barclays (c)	420	30	35	45	16	58	1	"
Barclays (c)	460	8	—	20	4	—	—	"
Imperial (c)	70	6½	2	8	—	11	—	73p
Imperial (c)	80	1½	—	3½	10	6	—	"
Lasmo (c)	500	55	4	84	—	107	—	534p
Lasmo (c)	550	24	5	52	—	77	—	"
Lasmo (c)	600	10	—	27	2	54	—	"
Lasmo (c)	650	7	—	13	6	—	—	"
Lonrho (c)	90	7	25	10	—	14	5	93p
Lonrho (c)	100	2½	—	5	—	7½	2	"
Lonrho (p)	100	8	1	10	5	12	—	"
Racal (c)	390	34	17	51	3	65	—	418p
Racal (c)	420	14	15	26	5	43	2	"
Racal (p)	360	3	5	8	—	10	—	"
Racal (p)	390	7	9	11	—	15	—	"
Racal (p)	420	17	2	20	—	24	—	"
RTZ (c)	500	42	1	62	—	82	—	531p
RTZ (c)	550	16	1	42	—	62	2	"

C=Call P=Put

Brengreen profits jump and making another cash call

Brengreen, the contract cleaning group that has won a five-year *rubbish collection and cleaning* contract for the Borough of Southend-on-Sea, has reported a two thirds increase in profits in 1980-81 and is raising £2.35m through its second rights issue in less than a year.

Mr David Evans, the chairman, said the current year has begun "encouragingly" but makes no profit forecast. The directors intend at least to maintain the dividend of 0.7p per share on the enlarged share capital.

Profit before tax for the year ended March 28, 1981 was £717,000 (£431,000) on turnover of £17.7m (£14.2m). Following taxes of £115,000 (£117,000), minority interests of £1,000 in *1980-81 and extraordinary items* of £71,000 in the previous year, attributable earnings were £601,000 (£243,000) or 2.57p (1.67p) per share fully diluted.

Pre-tax profit on a current cost basis was £660,000 (£383,000) and attributable profit on this basis was £544,000 (£195,000) or 2.3p per share (1.39p) fully diluted.

A final dividend of 0.4p has been recommended, making 0.7p (0.5p) costing £172,000 (£67,000).

In his statement in the annual report and accounts, which was also published yesterday, Mr Evans said the Southend contract became fully operative at the end of March and began satisfactorily. It was expected to make an annual contribution of approaching £2m to turnover.

The rights issue is on the basis of one new share at 45p, for every five shares and two for every £1 nominal of the 10 per cent convertible loan stock held on June 24.

Although the present borrowing facilities of the group are adequate for its immediate requirements, the directors consider it important to have sufficient funds available to take advantage of opportunities for new business.

The strengthening of Brengreen's capital base from the £2.24m net proceeds will, they believe support the expected expansion for the foreseeable future.

The new shares will not rank for the final dividend in respect of 1980-81.

The directors and trustees of Mr Evans' family settlement have agreed to take up their entitlement to 788,065 shares, 15.1 per cent of the issue, and the remainder has been underwritten by Morgan Grenfell. Brokers to the issue are Grieveson, Grant.

• comment

The shares of Brengreen have performed extremely well since it became clear that the Conservative Government would carry out its plan to give a lot of public service cleaning contracts to private contractors. Last year, for example, Brengreen got £1m extra turnover from Government departments and this year is expecting to sign up two more local authorities. This rapid expansion has brought with it a big increase in the need for cash, for both fixed assets and working capital. Net borrowings stood at £1.5m, or 48 per cent of shareholders' funds, at the year end. The group hopes the rights proceeds plus its existing borrowing facilities will provide sufficient capital for expansion for the next two years. At 57½p, down 2p yesterday, the shares have more than doubled in the past year and stand on a very lofty fully taxed, fully diluted, historic p/e of 38. Another year of strong growth is likely—perhaps £1.1m before tax is in sight—but the relatively deep 24 per cent discount of the 45p rights price suggests that the company and its bankers are slightly less sanguine about the prospects than the market.

Jantar soars and doubles dividend

A considerable improvement in Jantar's trading activities has resulted in pre-tax profits climbing *from £77,553 to £488,390 in 1980.* The dividend is doubled from 1.5p to 3p net. The directors have again waived their share of profits amounting to 5 per cent of the total distributed.

Mr Edward Nassar, the chairman, says the Nigerian mining company, in which Jantar still has a 19.99 per cent interest, has shown a loss of N22,666, leaving a balance carried forward of N233,860. No dividend has been declared in respect of this company. He says there is little *prospect of any improvement in* the immediate future.

In previous years the company's *primary dependence for* its earnings on the Nigerian mining operation has meant that *restrictions on the repatriation of* funds has limited the payment of dividends. Now further steps *have been taken to reduce that* dependence by further investment activities in the UK.

Mr Nassar says current prospects for 1981 remain good and the company's increasing income *from all sources give grounds for* optimism that it will be materially strengthened.

Tax for the year took £226,119 (£31,131) leaving the surplus available for distribution at *£262,271 (£46,102). Dividends* absorb £58,800 (£29,400).

Apart from its Nigerian mining interests, Jantar holds an interest in partnership trades in metals and minerals, trades in the UK through a factoring business, and holds investments in the UK.

FLEXELLO FORMS AUSTRALIAN CO.

Flexello Castors and Wheels, the UK's largest manufacturer of castors and wheels, has formed a new Australian subsidiary, Flexello (Australia) Proprietary.

The company will have head office and a warehouse in Sydney with a second warehouse in Melbourne.

SPAIN

June 30	Price %	+ or −
Banco Bilbao	326	+7
Banco Central	389	−4
Banco Exterior	330	+3
Banco Hispano	307	−4
Banco Ind. Cat.	124	
Banco Santander	388	
Banco Urquijo	225	−2
Banco Vizcaya	356	+30
Banco Zaragoza	245	−5
Dragados	219	−5
Espanola Zinc	68	
Fecsa	76.5	−1.2
Gal. Preciados	55	+2
Hidrola	82.5	−1.5
Iberduero	67.5	−1.2
Petroleos	133	−6
Petroliber	102	
Sogefisa	59	
Telefonica	87	
Union Elect.	70.5	−2.7

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation—June 30 1981

The Net Asset Value per £1 of Capital Loan Stock is 296.49p calculated on Formula 1

Securities valued at middle market prices

THE TRING HALL U.S.M. INDEX

126.2 (+0.6)

at close of business 30/6/81

BASE DATE 10/11/80 100

Newman Inds. unable to reduce borrowings so far

Mr John Williams, new chairman of Newman Industries, warned at the annual meeting that so far the group has been *unable to reduce its borrowings* and did not expect to show a half year profit. In the circum*stances, he said, the directors* did not recommend a resumption of dividends.

*The chairman blamed the con*tinuing high level of borrowings—they were still substantially at *the same level as at end Decem*ber, 1980—on the continued strength of the Deutsche Mark against sterling and falling UK industrial production.

He said the group had a lack *of orders and an excess of plant* capacity. Even so, he believed it would eventually be able to *carve a profitable and successful* business out of the troubled electric motors and ceramic divisions.

For the year to end-December 1980, the group incurred a pre-tax loss of £3.49m against a profit of £378,000 on higher turnover of £73.69m (£70.23m).

The meeting approved a special payment of £43,000 to Mr Roger Baldwin, until his resignation in April, executive director and vice-chairman. The payment is in addition to £57,000 Mr Baldwin received for voluntarily surrendering a service agreement which had three and a half years to run.

A resolution was also approved giving the Singapore-based Cycle and Carriage Company up to one-third of the directorships for as long as it held more than 30 per cent of the issued ordinary shares. *This follows its injec*tion of £8.1m of fresh capital into Newman Industries last November.

OIL INDEX

October Refined $41.40

January Refined $44.60

CORAL INDEX

Close: 542-547 (unch.)

Anglo's golden year is over

BY KENNETH MARSTON, MINING EDITOR

NOT SURPRISINGLY, last year's high average gold price of $614 per ounce resulted in a major boost in earnings of South Africa's Anglo American Corporation.

The mining, industrial and finance conglomerate's annual report for the year to March 31 shows that gold contributed 46 per cent of the year's R565.8m (£330m) investment income compared with 32 per cent of the previous year's restated R321.4m.

While manaegment is cautious on this year's gold price prospects—saying that inflationary expectations and interest rates will tend to be the main determinants of short term price movement—the group as a whole is steadily expanding its gold mining operations and establishing new mines.

Last year the tonnage milled by the mines managed by Anglo American increased by 6.89 per cent or 2m tonnes to 30.7m tonnes. However this was accompanied by a fall in total gold production of 211,457 ounces to 8.15m ounces as all group mines, with the exception of Elandsrand, milled lower grade ore.

The tempo of exploration for gold increased substantially during the year. Intensive drilling in two areas of the Orange Free State has provided sufficiently encouraging results to justify a more detailed programme to define reserves. At the same time further drilling of the VCR and Elsburg reefs to the south of the Western Areas mine have confirmed previously encountered grades though additional drilling is still needed to assess the continuity of these deep reefs.

In the past year the cost of prospecting rose to R28.5m against R17.2m. The main target in the base metals sector remained copper, lead and zinc in the Sperregebeit in Namibia, while in Latin America drilling and exploration programmes are under way or are to start in Brazil, Chile and Argentina. In the latter two countries Anglo has entered into a joint venture partnership with Cominco of Canada.

The group has adopted equity accounting principles for those companies in which it has interests of between 20 per cent and 50 per cent. On this basis, diamonds contributed 17 per cent of the year's investment earnings against 30 per cent of the previous year's restated figure. The industrial interest contribution was lower at 21 per cent against 23 per cent of the previous year's restated figure.

In February Anglo American Coal Corporation (Amcoal), the group's principal vehicle for its coal interests, became a 50.9 per cent-owned subsidiary and was consolidated in the group accounts. The Amcoal management says the company will have a major impact on the corporation's future trading profits and its earnings are consolidated for the whole year.

The same is expected of Anglo American Properties which, on a restructuring of the group's property interests in February, became a 63.7 per cent-owned subsidiary. Previously a 49.1 per cent interest was held in the company.

The group's important vehicle which is destined for future growth outside Africa is the Bermuda-registered Minerals and Resources Corporation (Minorco) in which Anglo has a stake of 42.8 per cent. Enlarged as a result of the injection of assets worth some $807m last year, Minorco is now considered to have a sufficiently strong base to pursue an independent development programme, particularly in North America.

At end-March the Anglo American group's net asset value was 2,697 cents (£15.75) a share while the total of the market capitalisation and directors' valuation of companies administered by the group and the value of its direct interest in non-administrative charges amounted to R14.4bn.

Anglo American shares were 3p down at a year's low of 617p in London yesterday, a reflection of the view that with lower gold prices the group's earnings are likely to be lower this year.

Black miners wage increase

FROM today the pay of more than 40,000 black workers at South Africa's gold mines will be increased by an average of about 20 per cent. Similar increases will apply to coal mines and to some platinum mines, according to the Chamber of Mines.

The average cash wage of underground workers, who constitute the majority of the workforce on the gold mines, will now be about R240 (£140) per month. The black workers also receive free food and accommodation which is reckoned to be worth a further R73 per month.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$425	2	21 B	2	39 B	1	56	$427
GOLD C	$450	100	10	44	25 B	2	42 B	"
GOLD C	$475	41	4.50	102	18	1	30 B	"
GOLD C	$500	47	2	3	13	5	24.50	"
GOLD C	$525	40	1	60	6	—	—	"
GOLD C	$550	20	0.60	85	4	—	—	"
GOLD P	$425	55	17	15	25 A	—	—	"
GOLD P	$450	56	30	15	32 A	5	41	"
GOLD P	$475	21	51 A	12	52 A	1	53	"
GOLD P	$500	1	76	2	75	—	—	"
GOLD P	$525	—	—	4	101	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	34	26	11	30	—	—	F.304.50
ABN C	F.300	15	7.90	11	15	—	—	"
ABN C	F.320	19	1.50	—	—	—	—	"
AKZO C	F.20	165	5.40 B	40	6.20	—	—	F25.50
AKZO C	F.22.50	150	3	—	—	—	—	"
AKZO C	F.25	15	1	—	—	10	3.50	"
AKZO C	F.27.50	—	—	152	1.20	—	—	"
AKZO P	F.25	8	0.50	—	—	10	1.30	"
KODA C	$80	—	—	6	3	—	—	$75⅞
HEIN C	F.55	—	—	12	2.70	—	—	F.51.20
HEIN P	F.50	15	0.60	8	1.80	—	—	"
HEIN P	F.55	15	3.80 B	—	—	—	—	"
HOOG C	F.17.50	72	1.40	—	—	—	—	F.18.60
HOOG C	F.20	—	—	50	1.40	14	2.50	"
HOOG C	F.22.50	—	—	70	0.60	—	—	"
KLM C	F.100	51	26.70 A	—	—	—	—	F.126.70
KLM C	F.110	24	17	5	25 A	—	—	"
KLM C	F.120	161	10	—	—	—	—	"
KLM C	F.130	134	5.10	—	—	—	—	"
KLM C	F.140	115	1.80	—	—	—	—	"
KLM C	F.150	102	1	11	7	—	—	"
KLM P	F.90	—	—	100	1.20	—	—	"
KLM P	F.100	50	0.40	51	2	—	—	"
KLM P	F.110	31	0.80	—	—	—	—	"
KLM P	F.120	10	2.50 B	14	7.50	—	—	"
KLM P	F.130	17	7.60	—	—	—	—	"
NATN C	F.110	25	12	18	13.20 B	—	—	F.121.80
NATN C	F.115	30	7.50	—	—	—	—	"
NATN C	F.120	21	2.80	15	5.60 B	—	—	"
NATN C	F.125	39	0.80	25	2.90	8	4.70	"
NATN P	F.120	15	1.10	15	2.70	—	—	"
PHIL C	F.15	13	9.30	—	—	—	—	F.24.30
PHIL C	F.20	13	4.80	40	5.20 B	—	—	"
PHIL C	F.22.50	11	2	38	2.90	—	—	"
PHIL C	F.25	—	—	67	1.90	53	2.80	"
PHIL C	F.27.50	—	—	—	—	80	1.70	"
PHIL P	F.22.50	—	—	10	0.50	—	—	"
PHIL P	F.25	—	—	—	—	15	1.60 B	"
RD C	F.80	—	—	10	9.20 B	—	—	F.85.80
RD C	F.90	112	1.10	35	3.80	8	6	"
RD C	F.100	25	0.10	—	—	80	3 A	"
RD C	F.80	65	0.50 A	—	—	—	—	"
RD P	F.90	40	4.10	—	—	—	—	"
UNIL C	F.150	—	—	10	6	—	—	F.147.10

TOTAL VOLUME IN CONTRACTS 5473

A=Asked B=Bid C=Call P=Put

INDUSTRIALIZATION FUND OF FINLAND LTD.
(Teollistamisrahasto Oy)
U.S.$25,000,000 8½% Bonds 1977 (81-87)

Notice is hereby given that pursuant to paragraph 4 of the terms and conditions the redemption instalment as per September 15, 1981 will be withdrawn from the Sinking Fund. Therefore, a drawing by lot of bonds will not be effected this year.

The outstanding amount after redemption as per September 15, 1981 will be U.S.$ 21,250,000.

Industrialization Fund of Finland Ltd.

Helsinki, July 1981

Confidence at Braby Leslie

FOLLOWING ON a major reorganisation, Braby Leslie is now capable of attaining a substantially higher turnover, without a significant increase in numbers employed, by the greater use of new plant and new techniques, says Mr J. S. C. Chandler, the chairman.

The reorganisation which groups all companies into five divisions, is resulting in a significant reduction in costs and provides a sound basis for the future, he says in his annual statement. The group is more competitive and its potential for increased profitability is improved.

These factors and the strength of the balance sheet enable the board to look ahead with confidence to any improvement in economic activity.

As reported June 19, taxable profits dropped from £914,000 to £262,000 for the year to March 31, 1981, on slightly lower turnover of £30.99m (£31.74m). On a CCA basis, the pre-tax profit was cut to £38,000.

Mr Chandler says the object of the reorganisation was to achieve greater administrative efficiency, more effective sales penetration

Towards the end of the year the continuing industrial activities of S. Briggs, Braby Bristol and E.C. Payter were formed into the process engineering division. Also, the manufacture of domestic appliances was transferred from Bristol to Economic Gas Appliances, Burnley (now renamed Braby Economic Appliances).

As from April 1, the businesses of five subsidiaries — Briggs, Deeside, Edghill, Braby Economic Appliances and Payter — have been conducted under their respective trade names as branches of Braby Group, to which all assets and liabilities have been transferred.

Courts (Furnishers) £1.6m lower

PRE-TAX profits of Courts (Furnishers), which runs a chain of retail furnishing stores, fell from £5.38m to £3.76m in the year to the end of March 1981. This was in spite of an improvement in the second half from £2.56m to £2.73m.

Included in the results are property disposal profits of £1.26m (£869,000) and a release of deferred tax amounting to £571,000 (£44,000). However, there was a larger transfer to deferred profits of £893,000 (£439,000) occasioned primarily by an increase in hire purchase balances. Depreciation and interest took £2.35m compared with £1.54m.

Turnover, including VAT, was ahead at £59.25m against £55.63m. Tax took £611,000 compared with £2.22m and minority interests £196,000 against £164,000 leaving attributable profits of £2.95m (£2.98m).

The final dividend of 1.95p is to be maintained, making a same again total of 3.7p. Earnings per 25p share are stated at 13.7p compared with 13.9p.

The Board says that during the year new stores were opened at Ayr, Banbury and Gosport in the UK and in Guernsey and Hong Kong overseas whilst a second outlet was added in Singapore. This year stores are being opened in Fiji, Jamaica and St Lucia. A few smaller UK outlets have been closed, whilst during the year extensive refurbishment of existing stores has been carried out.

Although trading conditions in the UK continue to be difficult, turnover in the last few months has shown a useful increase. Overseas, sales are well ahead of the corresponding period last year.

● comment

After a depressed first half Courts made up some lost ground thanks to a strong overseas performance and signs of recovery in the domestic market. Notwithstanding the strength of sterling, the overseas interests turned in higher earnings and now account for about 66 per cent of group profit compared to 50 per cent last year. In the UK the second half saw turnover 12 per cent higher than the previous year and some recovery in margins after the disappearance from the retail furniture scene of several Courts' competitors. The weak spot overseas was Australia which just broke even this year but appears set to benefit from recent management changes. Longer term the company is looking for its overseas interests to provide growth, with its latest incursion, a Hong Kong office, expected to contribute in 1982 and further expansion slated in the Caribbean and Singapore. No immediate return to last year's earnings of £5.36 is in sight but a gradual recovery appears to have been initiated. The shares at 78p, gain support from net assets per share of 200p reflecting the company's freehold property portfolio, and yield nearly 7 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Barranquilla Investments, Batt Bros, Burns-Anderson, Granada Group, Robert Kitchen Taylor.

Finals: Avana Group, Great Northern Telegraph Holding, Jacksons Bourne End, Stead and Simpson, Technology Investment Trust, J. W. Wassall.

FUTURE DATES

Interims:—

Associated Newspapers Group	July 15
Dewhurst and Partner	July 16
Eurotherm International	July 16

Finals:—

Eastern Produce (Holdings)	July 8
Ropner Holdings	July 6
Sogomana Group	July 13
Unigate	July 16
Waddington (John)	July 8

YEARLINGS AT 13⅜%

The interest rate for this week's issue of local authority bonds is 13⅜ per cent, unchanged from last week. The bonds are issued at par and are redeemable on July 7 1982.

A full list of issues will be published in tomorrow's edition.

New Court turns in £714,000

Taxable profits of New Court Natural Resources, an oil and gas investment company whose shares are traded on the Unlisted Securities Market, amounted to £714,000 in the year to March 31 1981. This compares with the previous year's surplus of £758,000, which included £258,000 from Expro, an oil services company disposed of in December 1979.

Earnings per share, after a tax charge of £267,00 (£22,000 credit) are shown up from 1.34p to 2.11p and the net asset value from 46p to 69p. The dividend is maintained at 1p.

Textured Jersey climbs 27%

SECOND HALF profits ahead from £492,000 to £647,000 brought the figure for Textured Jersey for the year ended April 30 1981, 27 per cent higher to £1.06m. Turnover in the 12 months advanced 23 per cent from £9.51m to £11.7m.

The final dividend is being increased to 3.75p net (3p) per 10p share making a total for the year of 5.5p (4.5p).

Capital expenditure during the year was maintained at a high level. Even so, the company's liquid position is excellent

Pre-tax profits were struck after depreciation of £284,000 (£248,000) and interest of £8,000 (same). Tax took £369,000 (£297,000) and the attributable figure emerged at £689,000 (£538,000).

The earnings per share are stated at 21.22p (16.36p).

● comment

Textured Jersey has shrugged off the current slow-down admirably with another year of solid profits and sales growth. The company itself, however, predicts difficult trading conditions this year and with a modest fully taxed p/e of less than 8, the market seems also to be excluding any exciting prospects for this year. TJ is also holding onto its cash and has no gearing to speak of, again reflecting its cautious attitude. A key to the company's worries is Lady Diana, who has brought in a return to frilly blouses and the woven, as opposed to knitted, look. Although no slouch in determining fashion trends, the kinds of products TJ hopes will counter these trends are still some 10 to 12 months from actual production. Looking to the longer-term, the company's purchase of a dye house in late 1980 will both enhance its capacity should the trading climate improve and also its flexibility in the high value-added finishing part of production. Further, it has recently launched an export programme, mainly to EEC countries, which it hopes will contribute to 1982 results. At 125p, the shares yield 6.5 per cent.

Munton beats forecast

Pre-tax profits of Munton Brothers reached £272,941 in the year to April 30, 1981, exceeding the directors' forecast of £203,000 made at the time of the offer document for Monument Securities earlier this year. The surplus compares with £201,897 for the previous 16 months.

The directors say the results for the year reflect improved trading, strict control of overheads and the inclusion of Government grants not accrued for in the profit forecast.

They add that in spite of pressure on margins, the group is continuing to perform satisfactorily.

Turnover for the year amounted to £2.79m (£2.93m for 16 months).

The attributable balance emerged at £128,501 (£201,897), after tax of £96,500 (nil) and an extraordinary debit of £47,940

Stated earnings per 10p share were 3.19p (3.65p).

On a CCA basis the attributable profit came through at £96,055.

As previously forecast, the directors anticipate that sums equal to approximately 60 per cent of the profits available for distribution will be paid by way of dividends in respect of the current year.

Garnar Booth

The first three months of Garnar Booth's financial year saw some encouraging signs of an increase in demand from all the leather using industries supplied by the company, Sir Kenneth Newton, chairman, told the annual meeting.

May and June had been relatively quiet trading months and demand lessened somewhat, though all the company's factories were working full-time.

He anticipated a small trading profit for the restructured group for the first half.

Senior sees profit setback but pushes on with U.S. deal

PRE-TAX profits at Senior Engineering Group for the six months to the end of June are expected to fall to £1.3m. less than half the figure for the comparable period last year.

However, the company is maintaining the interim dividend. and hopes for an improvement in the second six months. Meanwhile. it is pushing ahead with a £2.1m U.S. acquisition funded by a placing of shares with institutions.

Yesterday Hoare Govett, the company's brokers, and S. G. Warburg, its merchant bank, placed 10.5m shares with about 20 institutions at a price said to reflect "a small discount to the market price," which closed up ½p at 23p.

The funds will finance a $4.15m (£2.12m) purchase of the New Jersey Murray Tube Works Division of Tube Investments. The works supply tubing for marine, industrial and electric power boilers and are complementary to the Boiler Tube Company of America which Senior bought in 1979 for £5m.

Murray Tube's pre-tax profits last year are estimated at £446,000 and net tangible assets were £1.67m.

In April. Professor Roland Smith. Senior's chairman, warned shareholders that the management accounts for the first few months of the year showed that the group was only "marginally profitable" and margins remained under severe pressure. Then he said that the outcome for the year could not be reliably judged, but yesterday the company said that current indications were for an improvement in the second half.

Senior has been hit by the recession in all four divisions—steel tubes, light engineering, thermal and heat treatment products, and air handling and plastics. The steel tube division suffered most with a 55 per cent drop in profits on slightly lower turnover.

WIGGINS CONSTRUCT BUYS JUMPSHAW

Wiggins Construct, the quoted housebuilding, construction, property development and motor sales and service group, has acquired Jumpshaw, the St Austell-based house-building company, for an undisclosed sum. The take-over means that Wiggins is now the largest house-builder in Cornwall.

The addition of the Jumpshaw sites brings the total number of Wiggins developments in Cornwall to 12. It is expected that four further sites, representing approximately 300 new homes, will be developed in the next 12 months.

APPLIED COMPUTER TECHNIQUES

Anthony Gilbert Bryan, director of Applied Computer Techniques, sold 15,000 ordinary on June 22, and 60,000 ordinary on June 26. His total holding is now 500,000 shares.

ELECTROCOMPONENTS

Mr R. A. Marler, chairman of Electrocomponents, has sold 12,000 ordinary shares in the company, reducing his holding to 14,500.

Charles Hill board accepts revised offer

The board of Charles Hill of Bristol said yesterday that they had now considered the revised offer by a consortium led by Mr Alastair Milne. They and their advisers Morgan Grenfell regard the terms of the offer as fair and reasonable and unanimously recommend it.

The board has also undertaken to use their best endeavours to ensure that acceptances in excess of 50 per cent of the ordinary share capital are received under the revised offer.

All the directors plus Mr R. E. D. Campbell, who resigned as a director with effect from June 22 1981, and Mr P. S. Longbottom have agreed to sign forms of acceptance and transfer in respect of all the ordinary shares which they own or control. These acceptances cover 370,477 shares, 30.6 per cent of the total, and include the 306,277 shares for which irrevocable undertakings have previously been given.

RENTOKIL EXPANDS SECURITY BUSINESS

As part of the expansion of its security service, Rentokil has acquired the Reigate-based company D and D Alarms, for £261,500 cash.

D and D operates a domestic and commercial alarm installation service in Surrey, Hampshire and the Thames Valley. The acquisition will extend Rentokil's existing coverage of the Home Counties by its subsidiary, Crusader Alarms.

FLIGHT REFUELLING WINS APPROVAL

The shareholders of Stanley, the U.S. aerospace company have voted in favour of its acquisition by Flight Refuelling.

As a result, Flight Refuelling will acquire the whole of the issued share capital of Stanley for a total of U.S.$10.61m and completion took place yesterday.

PARAMBE BUYING O'DAIR BROTHERS

Parambe has conditionally agreed to buy O'Dair Brothers, an investment company. The initial consideration is £149,630 to be satisfied by the issue of 650,565 Parambe shares, priced for the purpose at 23p.

Following the sale of certain properties held by O'Dair, further Parambe shares will be issued so that the total value, at a price of 23p, will equal the net asset value of O'Dair at March 20 1981, the date on which preliminary negotiations were concluded.

ASSOCIATES DEALS

On June 29 J. Henry Schroder Wagg and Co sold 50,000 ord shares in S. and W. Berisford at 133p on behalf of associates. Three days earlier County Bank acquired for an associate of Berisford, 25,000 ord shares at 134p, 25,000 at 135p and 45,000 at 136p.

County Bank acquired yesterday, on behalf of a sub of Berisford 3,600 British Sugar Corporation shares at 335p.

Rowe and Pitman, associates of British Sugar yesterday bought for discretionary clients 7,000 shares at 340p.

JAMES FINLAY BUYS CANADIAN COMPANY

James Finlay and Co. (Canada), a subsidiary of the UK-based James Finlay and Co., has purchased a 33⅓ interest in Canadian company, Pinewood International. Finlay has also subscribed for C$1m 7½ per cent cumulative redeemable preference shares in the company.

Pinewood operates from bases in Toronto and Vancouver, and deals in exotic hardwoods, veneers and plywoods, both imported and indigenous.

Lon. Merchant bids for Cambridge

London Merchant Securities, the property, oil and gas exploration group headed by Lord Rayne, has launched a £17.5m takeover bid for Cambridge Petroleum Royalties. The move follows the breakdown of negotiations between the two companies, in May this year, for the purchase by Cambridge of certain oil assets of London Merchant in exchange for shares in Cambridge.

The bid, worth 350p per share, provoked a cool reaction yesterday from Cambridge.

Mr. Christopher Jenner, a director of Cambridge, a UK oil and gas royalty company, said that the board had received no advance notice of the bid. The chairman of the group had been informed in a letter only yesterday morning.

It was, said Mr. Jenner, "rather like the Japanese attack on Pearl Harbour—we knew something was happening, the bombs were dropping, but we were only told about it officially later."

The board of Cambridge said last night that it will be discussing the offer with its financial advisers, Robert Fleming and Co., "and the outcome of these discussions will be conveyed to shareholders as soon as possible. In the meantime, Cambridge shareholders should take no action in respect of any documents relating to the offer which they may receive."

London Merchant, which through its parent company Westpool Investment Trust owns 5.45 per cent of Cambridge, said that if the offer became unconditional it intended to expand the business of Cambridge by the acquisition of oil and gas leases and other rights.

In addition to new investments, such acquisitions are likely to include part or all "of those energy interests presently held by London Merchant which would be exchanged for shares in Cambridge. Substantial sums could be required to develop these interests and Cambridge shareholders may be called upon to provide additional equity capital to fund such development."

London Merchant intends in the longer term to seek a listing for the share capital on the Stock Exchange.

The shares of Cambridge, which are traded on the Stock Exchange under rule 163 (2)(A), a market designed for small companies with a limited number of shareholders, rose 80p yesterday to 360p.

Cambridge was incorporated in the UK in 1972 and is engaged principally in acquiring and holding oil and gas royalty interests in the Celtic Sea, the UK sector of the North Sea, off the Netherlands coast, in Indonesia and in Canada.

BRS buys road distribution subsidiary of George Bassett

George Bassett, the confectionary and food manufacturer, has sold its GDS Transport distribution subsidiary for £457,000 to British Road Services, part of the state-owned National Freight Company.

The sale is caused by the continuing losses and the need to raise capital, George Bassett said yesterday in a statement to the Stock Exchange.

The sale and purchase of the transport subsidiary was welcomed yesterday by BRS and by George Bassett. Both companies are expected to benefit from the sale.

George Bassett Holdings, the loss-making parent company of GDS Transport, is expected to benefit by the release of capital formerly tied up in its heavily loss-making transport subsidiary. George Bassett will hire the services of the new BRS-run and owned transport company and pay for these services from revenue, so improving its cash flow.

The holding company made a pre-tax loss of £1.3m for the 12 months to the end of March last year—the latest available figures, which are the worst results in the company's history.

The annual report for 1980-81 is to be published on Friday and is expected to show a further substantial trading loss for the group transport and distribution subsidiary of at least £229,000 after interest payments.

GDS Transport also lost heavily in the year ending March 31, 1980, when losses came to £424,000, on top of losses for the year to the end of March 1979 of £325,000. Distribution activities for the holding company as a whole lost £524,000 in 1979-80.

Despite the losses, British Road Services immediately welcomed the chance to purchase GDS Transport. "This deal will make BRS a major force in the distribution of confectionery in Britain," said Mr Ron Fortune, managing director of North Eastern British Road Services, the company involved in the purchase.

British Road Services is well-established in the road transport market as a specialist acquiring manufacturing companies' transport operations. BRS operates all transport and distribution services for Allied Carpets, Brideon Transport, the former British Ropes transport company, Mars the confectionery manufacturer and Grimsby Fish. Kellogs, Boots and Cadbury are other companies with transport contracts with BRS.

BRS is one of the subsidiary companies of the National Freight Company which is to be bought by the staff and management by October, in line with Government policy, to denationalise the company.

LTA takes loan guarantee option to lift Bath and Portland stake

LTA, a South African construction company controlled by Anglo America Corporation, has lifted its shareholding in the Bath and Portland Group from 5 per cent to 20.9 per cent.

LTA is raising its stake in the company under an option agreement entered into in July 1979 when it took its original 5 per cent holding at 75p per share, which compared with a 50p market price. LTA had guaranteed a £3m loan facility for Bath and Portland at a time when the group's finances were depleted by late payments on an Iranian road building contract.

Under the option agreement LTA is subscribing for 3.2m shares at 85p per share—well over yesterday's stock market price of 57p (down 3p). At 85p the proceeds from the subscription amount to £2.72m which will be used to repay most of the £3m medium term bank facility originally guaranteed by LTA in 1979.

LTA has undertaken not to acquire any further Bath and Portland shares which would take its holding above 21 per cent in the next three years.

Earlier this month the group announced group profits almost halved from £2.76m to £1.43m for 1980.

In his annual statement Sir Kenneth Selby, chairman, refers to the claim against the Export Credits Guarantee Department on the Iran road building contract and says "even now the quantum of that claim has still to be finalised."

A note to the accounts states that assets attributable to the contract at October 31 1980, included in work in progress, amounted to £16m (£29m), net of a £500,000 provision. While the directors hope that assets of at least £16m will be realised, at this stage in the negotiations with the ECGD they cannot be certain whether the provision will be excessive or inadequate. The auditors agree with this view in their report.

Sir Kenneth says that technically the group remains strong in all its sectors. But he stresses that "the major need in the near future must be to strengthen its finances to repair the ravages of the last two years.

The chairman says that methods to strengthen the group's finances have yet to be decided but they "must be accompanied by such policies as can be evolved to preclude pressures upon profitable sectors when events, such as have been experienced in overseas construction, arise at any time."

Sir Kenneth says that steps will be taken to avoid the problem ever recurring, "but certainly we cannot be expected to work for the country's balance of payments and encompass the costs of overseas revolutions."

The chairman says he does not expect any upturn for the group "for at least a year." All that time, he says, will be required to complete any changes necessary and to ensure that it has necessary finance to meet the challenge. The half yearly statement will be with shareholders shortly, he says, and will indicate how far the group has been able to rationalise and give an indication of the success it will achieve in better times.

Bank overdrafts during the year have showed a major increase from £1m to £5.5m, being partly necessary to finance claims and the trading losses. However, the chairman says the receipt of ECGD claim money since October 31 1980 has reduced these overdrafts, and I would hope to present more attractive figures with our half year results."

Collins urges members to reject News Int. offer

THE BOARD of William Collins has written to shareholders urging them "to stand firm and reject" the offers from News International.

News increased its bid for the Collins ordinary voting shares from 200p to 225p late last week following the purchase of a 9.4 per cent block of shares from Mr Robert Maxwell's Pergamon Press at the higher price. There was no increase for the "A" non-voting shares.

The announcement of the share deal between News and Mr Maxwell followed a meeting at which a dispute was settled over the printing of the Sunday Times colour magazine by Mr Maxwell's British Printing Corporation. It was also agreed to merge Eric Bemrose, a News subsidiary, into a new BPC subsidiary.

When the deal with Mr Maxwell was announced the Collins board said shareholders should know that these ordinary shares in Collins "have been sold by Pergamon Press at this particular time in conjunction with the resolution of an unrelated dispute between Mr Rupert Murdoch and Mr Robert Maxwell, and the sale of Eric Bemrose."

The Takeover Panel is looking into the circumstances surrounding the deal.

In his latest letter to shareholders Mr Ian Chapman, chairman of Collins, says holders of "A" non-voting shares must be understandably aggrieved that the original offer has not been proportionately increased. As Mr Maxwell's Pergamon Press holds few "A" shares and because News knows that control of the company passes with the ordinary shares, "it appears that the interests of that class have been ignored," he says.

Mr Chapman adds that the board, together with its financial advisers Schroder Wagg, repeat that the increased offer for the ordinary shares and the original offer of 150p for the "A" shares are both totally inadequate. Collins intends to write to shareholders giving detailed reasons for rejecting the offers within the next two weeks.

Bill may force Stenhouse to drop Lloyd's interests

SHAREHOLDERS of Stenhouse Holdings, the insurance broker with Lloyd's of London underwriting interests, have been told that the group may have to divest itself of the management of Lloyd's underwriting syndicates following the future enactment of a Lloyd's Bill of Parliament.

The warning came in a circular to shareholders detailing the group's £3.1m purchase of the underwriting agency management companies of the Christopher Moran Group.

"At this stage, it is not clear what the final outcome will be, but we are of the opinion that should divestment be required, the transaction (the purchase of the Moran agencies) would still prove beneficial to shareholders." said Mr Herbert Houghton, group chairman.

"Your board believes that, irrespective of the Lloyd's Bill, the acquisition and merger will benefit Stenhouse and its shareholders."

The group also announced yesterday that with effect from July 1 1981 Mr Elvin Patrick will act as underwriter for two Lloyd's syndicates, 566 and 561, acquired in the Moran deal. He replaces Mr E. R. P. Wilson.

Mr Patrick was formerly employed as deputy underwriter for these syndicates until 1979, when he left to take up the position of underwriter for syndicates 726 and 197. He will continue as underwriter for those syndicates.

CONNOR FINANCE FIRST CASTLE ELEC.

Connor Finance Corporation has placed through the market with institutional investment clients of Fielding, Newson-Smith and Co. 1.7m ordinary shares of First Castle Electronics (21 per cent). Connor now holds 1,786,900 ordinary shares (22.4 per cent).

The board of First Castle considers that the disposal, which was made in view of certain impending tax liabilities within Connor Finance Corporation, provides an opportunity to spread the ownership of First Castle shares more widely. This will facilitate the future growth and development of the company.

Connor Finance Corporation is controlled by the family interests of Mr L. J. Connor, the chairman of First Castle.

Hillsdown buys Lockwood activities

Sir Kenneth Cork and Mr Paul Shewell, joint receivers of Lockwood Foods, have reached agreement with Hillsdown Holdings for it to acquire the major part of Lockwood's UK canning and soft drink business.

This comprises factories at Long Sutton, in Lincolnshire, and Forfar, in Angus together with stock and goodwill. Normal trading will resume immediately and the company will be an independent food manufacturer.

Arab Asian Bank 'now has 10% of UCM'

Arab Asian Bank of Bahrain has been in the market buying shares in United City Merchants, the international trading and banking group, for which it has made a 40p a share bid.

As a result, according to Carr Sebag, the broker acting for the bidder, Arab Asian now owns in excess of 10 per cent of UCM. Mr. Eric Sosnow, UCM's chairman, controls nearly 30 per cent of the shares together with his family and friends, and has already accepted the offer.

SONASHAW SECS./ A. BROWN & SONS

The offer by Sonashaw Securities for 20 per cent of the ordinary share capital of A. Brown and Sons has been accepted in respect of 33,252 shares (10.4 per cent) and has been declared unconditional. The offer remains open until July 15.

MCKECHNIE BROS. RECONSTRUCTION

The restructuring of McKechnie Brothers South African associate Macdem has been completed.

McKechnie now holds 55 per cent of Macdem and 25 per cent of Macdem's former subsidiary R. Jackson Holdings South African group Haggie holds the balance of Macdem shares and 25 per cent of Jackson, the remaining 50 per cent of which is held by Delta Group.

Chas Booth suspended ahead of bid

Shares in Charles Booth, the small property development, engineering and trading company, were suspended yesterday at 20p ahead of a possible bid.

The report and accounts for 1979, showed that the group had shareholders' funds of £720,000 and that pre-tax profits were £109,000. Only investment dealing, property investment and contract work made profits. The company lost money running a bar and in its light engineering

Two directors, Mr S. E. Newman and Mr B. Kogan, who took over control of the group in 1973, held just over 80 per cent of the shares at the end of 1979.

GUINNESS PEAT

Fenchurch Insurance Holdings, the insurance broking arm of the Guinness Peat Group, has formed a new reinsurance subsidiary, Fenchurch International Reinsurance Brokers.

The principal objective of the company is to develop a worldwide treaty reinsurance account and to provide reinsurance services to those markets which the group places its direct business.

NSM/MCINTYRE

Richard Turton and John Talbot, of chartered accountant Spicer and Pegler, who were appointed receivers and managers of NSM (Metals), the Nottingham-based metal reclamation concern, on June 3, have sold the business to J. McIntyre.

Energy Review: U.S. electric utilities

By Ray Dafter, Energy Editor

Optimism amid mounting problems

IT IS tempting to foretell the demise of the U.S. electric utilities. These private companies which provide a public service have become trapped with some of the biggest energy problems of our age.

On the one hand construction costs for big new power plant projects are soaring. Matters are made worse by delays caused by environmentalists' objections and certification processes as well as by record interest rates.

At the same time revenues are carefully regulated, seemingly with little immediate prospects for substantial growth given the new American awareness of the need for greater energy conservation.

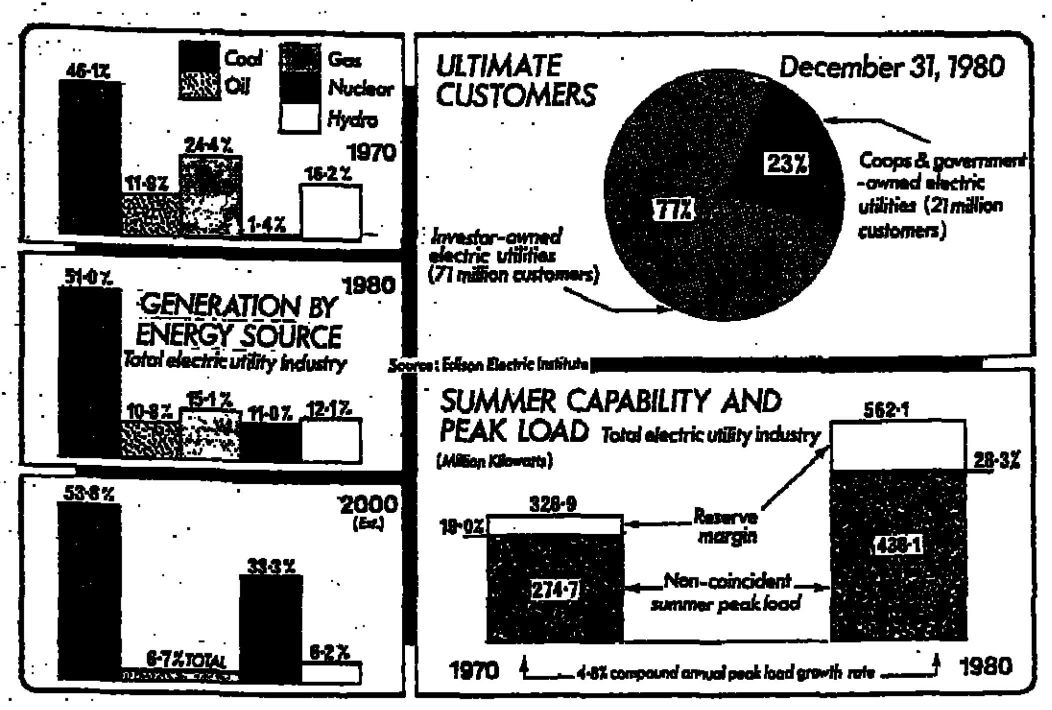
Suddenly the safe, dependable U.S. utilities appear to have become a risky business.

It is a picture which is gaining in credence. Four months ago The Economist speculated "The lights are going out for America's electric utilities." Early last *month Mr Llewellyn* King, publisher of Energy Daily, told a Financial Times energy conference in London that the utilities were on an "inexorable course towards nationalisation."

But the investor-owned utilities, which serve 77 per cent of the 92m electricity customers in the U.S., have begun to bite back. They say they have recognised signs which point to a very much brighter future.

The optimistic message was carried to a fund-raising investment seminar in London a few days ago. As Mr William McCollam, president of Edison Electric Institute, a trade association, commented: "I am particularly happy to be able to say that reports of the imminent demise of electric utilities in the U.S. have been greatly exaggerated. The lights will stay on."

Mr McCollam said there was no immediate problem in meeting demand. Last summer, at the time of greatest demand, the total peak load for all U.S. electric utilities was 438m kw whereas the generating capability was 562m kw. This 28 per cent reserve margin compared with 19 per cent spare capacity 10 years ago.



Brana Radovic

Throughout the 1970s U.S. electricity sales grew at an annual compound growth rate of 4 per cent a year. Last year the growth was down to only 1 per cent, a reflection of the economic recession and growing conservation effort.

Surprisingly Edison Electric is forecasting an "attainable" economic revival which will require an annual growth rate for electricity generation of 4.3 per cent. On this basis the demands on the entire U.S. electric utility industry could grow from the present level of 2.3 trillion (million million) kw hours to 5.5 trillion kw hours by AD 2000.

Such growth expectations present the utilities with a formidable investment challenge. For a start, the companies must gamble on the type of generating capacity that will be acceptable and operable in a decade or so hence. Do they risk ordering more nuclear plants against the backdrop of public pressures and concerns aroused by the Three Mile Island accident? Alternatively, can they be confident that fuel will be available for coal-fired plants given the environmental constraints on mining and coal distribution?

Again Edison Electric has provided one viewpoint. Its forecasts suggest that by the turn of the century 54 per cent of the generating capacity will be dedicated to coal with a further 33 per cent based on nuclear power. Oil and natural gas would account for less than 7 per cent of the electricity industry's output.

These figures contrast sharply with the position last year when 51 per cent of the nation's electric power was generated by coal, 15 per cent by natural gas, 12 per cent by water power, 11 per cent by nuclear fuel and just less than 11 per cent by oil. Last year was the first in which nuclear-generated electricity outstripped electricity produced by oil.

Mr McCollam believed that the expected amendments to the Clean Air Act would improve the prospects for coal-fired generation.

Even so, coal alone could not meet America's electricity requirements. "Nuclear power is an imperative, not an option," said Mr McCollam, pointing out that some 70 nuclear power reactors were currently licensed to operate.

But the nuclear industry is on its knees after almost a decade of decay. The Reagan *Administration* may have reversed the trend and stressed the importance of nuclear power but the position is not going to be changed overnight.

The electric utilities cannot be certain that a future Administration will not change the nuclear course yet again.

That said, Mr McCollam sees some cause for rejoicing. A particularly favourable indicator, he said, was the appointment of Dr Nunzio Palladino, a nuclear engineer, as the new chairman of the Nuclear Regulatory Commission. Following a career with Westinghouse and a term of office as president of the American Nuclear Society, Dr *Palladino is currently Dean of* the College of Engineering at Pennsylvania State University. Among the electric utilities Dr Palladino is expected to set a *new constructive tone* at the Nuclear Regulatory Commission.

In a bid to put its own nuclear house in order the electricity industry has taken a number of steps following the Three Mile Island accident two years ago. These include:

- The establishment of a Nuclear Safety Analysis Centre to provide technical information on nuclear power plant safety;
- The establishment of the Institute of Nuclear Power Operations which has been charged with setting "bench marks of excellence" for the operation of nuclear power stations;
- The establishment of the Nuclear Electric Insurance company to provide member utilities with coverage against the extra expense incurred in obtaining replacement power during the prolonged accidental shut-down of *nuclear* units;
- And a proposed expanded nuclear property insurance fund.

"We are working to make nuclear a better investment than ever before," said Mr McCollom confidently.

All told the investor-owned electric utilities expect to spend $155bn on the industry-wide con*struction programme* over the next five years—$28bn this year, $29bn in 1982, $31bn in 1983, $32bn in 1984 and $35bn in 1985.

To accomplish this programme — and assuming the estimates hold good—the utilities will have to raise some $95bn from outside sources; about 30 per cent of the required $155bn is expected to be in common equity.

This takes us back to the beginning, and the reason for the seminar in London, source of some of the much-needed investment. Will investors view the risks and the growth prospects in the same kindly light of Mr. McCollam? Can they be assured of a reasonable rate of return given that electricity prices are usually regulated by local commissions?

Mr. Edward Larkin, president of the National Association of Regulatory Utility Commissioners and Commissioner with the New York State Public Service *Commission*, was conveniently on hand at the seminar to point to some recent decisions by regulators. The Utah Commission, he said, had just allowed a 16.8 per cent rate of return on common stock. New Jersey Public Service Commission had permitted a 17.2 per cent return.

These, and other instances, indicated a "growing awareness of the need for regulatory statesmanship and regard for the realities of the financial marketplace," said Commissioner Larkin.

This is the nub of the problem. So much concerning the electricity utilities' wellbeing is in the political arena. While the climate may be favourable one year, there can be no telling what it will be like the next.

For his part, Commissioner Larkin is planning to raise some of these issues at the next executive committee meeting of the National Association of Regulatory Utility Commissioners to be held in San Diego, California, in a month's time.

"I shall request authority to appoint a task force of state regulators to address the plight of the electric industry as a national problem," he commented. The remarks *suggest* that even if the lights are not about to go out for America's electric utilities, all is not well with the industry.

APPOINTMENTS

Reorganisation at NatWest International

NATIONAL WESTMINISTER BANK has made the following appointments within its international banking division: Mr T. A. Green, assistant general manager; Mr R. Flemington, assistant general manager; Mr W. F. J. Batt, treasurer and assistant general manager; Mr G. Cathles, *regional* general manager—UK; Mr H. M. Fail, regional general manager Europe; Mr M. A. Lydon, regional general manager corporate and correspondent banking; Mr N. R. Jarritt, regional general manager North America; Mr J. S. W. Coombs, regional general manager Far East and Australasia; Mr R. V. Norris, regional general manager *Middle* East, Africa, India and Latin America; Mr B. A. England, deputy regional general manager corporate financial services; Mr D. A. Ingham, deputy regional general manager (marketing) Europe; Mr J. S. Platts, deputy regional general manager (operations) Europe.

★

From July 1 Mr Paul D. *Skinner is appointed managing* director of COLAS PRODUCTS. He succeeds Mr Colin Harris who has retired. Mr Skinner was formerly with the crude oil division of Shell International *Trading Company*. Colas Products is a member of the Royal Dutch/Shell Group, and was formed in 1980 by merging the interests of Shell Composites and Colas (UK).

★

Mr Alan Jennings has been appointed a director of C. R. DRIVER AND CO.

★

Lt-Col C. R. Gray is resigning as chairman of the DUTTON-FORSHAW GROUP to concentrate on his other business interests. He will also remain as deputy chairman of Jack Barclay, and is retained as a consultant to the group.

★

Mr A. V. Alexander has been elected a deputy chairman of the BRITISH INSURANCE BROKERS' ASSOCIATION. He is a director of Sedwick Group and chairman of Sedwick Group Special Services.

★

Ms Norah Owen, a consultant with Charles Barker Lyons, has been elected president of the INSTITUTE OF PUBLIC RELATIONS.

★

Mr G. D. Gwilt has been elected president of the FACULTY OF ACTUARIES.

★

Mr J. S. McGregor has become chairman of HONEYWELL LTD. following the retirement of Mr L. Ralph Price. Mr McGregor, who has been with Honeywell since 1975, will also continue to carry out his duties as managing director of Honeywell Control Systems of Bracknell, Berks., one of the two major operating companies of *Honeywell* Ltd. Mr Price will continue as a non-executive director of Honeywell Ltd and Honeywell Information Systems.

★

Mr Ronald Asserson has been appointed a non-executive director of the VALOR gas appliance company. He is chairman of Delta Metals and sits on the parent board of the Delta Group. He is also a director of United Electronic Holdings.

★

Mr A. H. Westropp has joined the board of the SUSSEX MUTUAL BUILDING SOCIETY.

★

KCA INTERNATIONAL has appointed Mr Dennis Walters, a non-executive director.

★

GILLETT BROTHERS DISCOUNT is appointing Mr Robin A. S. Moser, managing director from August 1.

★

Mr Ronald Harrison has re*signed* as a director of ST GEORGES LAUNDRY (WORCESTER). Mr Harrison is chief executive of Canada Permanent Trust (UK).

Abitibi and Thomson in newsprint mill deal

By Robert Gibbens in Montreal

ABITIBI-PRICE of Toronto, the world's largest newsprint producer, recently taken over by Olympia and York Developments, is spending C$320m (U.S.$270m) to raise its North American newsprint capacity.

In a joint-venture with Thomson Newspapers, which operates the North American newspaper chain of Lord Thomson, the capacity of the existing Abitibi newsprint mill at Augusta, Georgia, will be more than doubled.

Abitibi will contribute its existing mill to the joint-venture and Thomson Newspapers will put up U.S.$50m.

The joint venture will also buy 75,000 acres of woodlands from Abitibi for up to U.S.$49m.

The total cost of the expansion will be C$250m, including a second newsprint machine to raise capacity to 350,000 tonnes a year. A thermo-mechanical pulp unit will also be installed.

Abitibi will also spend C$80m at its Quebec City mill to convert it from standard newsprint to groundwood speciality papers. The plan includes a new pulping mill and environmental improvements.

First City extends bid for Permanent

By Our Montreal Correspondent

FIRST CITY Financial Corporation said 71 per cent of the Canada Permanent Mortgage Corporation common shares have been tendered under First City's share exchange offer, against a target of 75 per cent. The offer is being extended to July 6.

First City, owned by the Belzberg family of Vancouver, offered a share swap more than C$300m (U.S.$250m) for 75 per cent of Canada Permanent's equity. At the last minute, Genstar, a large Canadian real estate development and financial services group counterbid at about the same total price but mainly in cash.

Canada Permanent operates the third largest trust company in the country.

Genstar said extension of the Belzberg bid period will give shareholders of Canada Permanent more time to consider both offers.

RCA and Columbia form video marketing venture

BY IAN HARGREAVES IN NEW YORK

COLUMBIA PICTURES yesterday announced a joint-venture with RCA, which makes televisions and other video equipment, to market internationally but not in the U.S. the two companies' video programmes.

The 50-50 venture will promote and distribute Columbia's films and RCA's planned video versions of recorded music, expanding eventually into other types of programmes specially created for the video market.

The venture will also market material from companies other than Columbia and RCA and will not restrict itself to material compatible with RCA's own hardware.

That means the venture will not depend on the success of RCA's Electavision videodisc player, which was launched in the U.S. in March and will be sold in Europe some time during 1983.

So far, Electavision has experienced sluggish sales, but RCA says sales are on target given the deteriorating economy. In the three months since the launch, just over 30,000 players and 300,000 discs have been sold, against RCA's own first year target of 200,000 players.

The venture with Columbia is an important piece in the emerging video jigsaw at RCA, which as a major hardware manufacturer and owner of a large television network, NBC, is expected to try to claim an increasingly large slice of the explosion in demand for video products.

Mr Patrick Williamson, president of Columbia Pictures International, said the joint venture would initially concentrate on supplying material for use on video cassette recorders, of which sales are rapidly increasing in what the venture considers to be its major markets—the UK, West Germany, Scandinavia, France, Japan and Australia.

About 6 per cent of Japanese households own videocassette players against less than 5 per cent in the U.S., 3 per cent in the UK and Germany, 1.8 per cent in Scandinavia, 1.5 per cent in France and 2 per cent in Australia.

Mr Williamson said that 3m records were expected to be bought in the six non-U.S. countries targeted by the venture this year, almost doubling the existing ownership base of 4m.

The venture will not be active in North America, where Columbia already has separate channels for marketing.

Honeywell Bull chairman asked to resign

By Terry Dodsworth in Paris

SERIOUS disagreements between France's Saint Gobain and its subsidiary Cii Honeywell Bull came out into the open yesterday when the parent group called for the resignation of M Jean-Pierre Brule, chairman of Cii.

M Brule, a 51-year-old engineer, made it clear last night that he was not prepared to go easily. In a short statement Cii, France's principal computer concern, said that he had not resigned and that it was the responsibility of the directors both to appoint and dismiss the chairman.

Saint Gobain, one of the country's largest and most diversified industrial groups, refused to go into details yesterday about the increasing differences that have grown up between the two companies since it bought its way into Cii in late 1979. But it is public knowledge that M Brule's ideas on diversification did not fit with those of the parent group, particularly since Saint Gobain linked up with Olivetti of Italy last year.

M Brule has been at the head of Cii since 1975. He was mainly responsible for negotiating the delicate agreement which brought together France's state-controlled computer interests with Honeywell Information Systems of the U.S. and then successfully piloted the company through a Government-backed four-year re-organisation programme.

M Jean-Pierre Brule: Cii head since 1975

Cii came out of this restructuring operation, which soaked up FFr 1.2bn ($218m) of state finance, to make profits of FFr 160m net of all subsidies last year. M Brule was able to claim that the group had met its targets, while sales had doubled and productivity been pushed up to one of the highest levels in the industry.

Shamrock sees $100m loss on disposal

By Our Financial Staff

DIAMOND SHAMROCK, the U.S. energy and chemical company, said that it estimates that there will be a charge of about $99m or $1.76 a share, against second quarter earnings in respect of the sale of its plastics and animal nutrition businesses, which is being negotiated.

Shamrock said this reflects the estimated loss on discontinuing the businesses, which are among five it identified last year as being under consideration for sale. More than half the company's profits now derive from energy-related activities.

Because first quarter earnings will also be restated to reflect the discontinued operations, Diamond Shamrock said the total effect for the six-month period will be a loss of about $108m or $1.91 a share.

The company had previously reported first quarter earnings of 85 cents a share, down from $1.06 a year earlier.

The company expects earnings from continuing operations in the second quarter to be modestly above those for 1980's second quarter, which will also be restated.

Braniff faces debt deadline

By Our New York Staff

BRANIFF INTERNATIONAL was yesterday negotiating furiously with its lenders in an effort to pull together a complicated financial restructuring arrangement by midnight tonight.

The company has $40m of debt payments due technically at midnight. This debt has already been deferred once in order to allow Braniff time to find more lasting solutions to its financial difficulties.

There was no sign yesterday that the banks, headed by Bankers Trust of New York, intended to deny Braniff a chance to deal with its problems, although, as is usual in these situations, there were reports of holdouts among some of the 39 banks and other institutions involved.

Braniff had long-term debt of $583.6m at the end of last year and its auditors said in the company's annual report that the company's survival depended upon it reaching an agreement with its bankers to reschedule debt.

As part of the proposed deal with the banks, Braniff has cut back enormously on its services, persuaded staff to take a pay cut and installed a new chairman, Mr John Casey.

But Mr Casey has had difficulties in delivering one other commitment to the banks—to sell a number of brand new surplus aircraft, several of which have never been used in service by Braniff.

Over the weekend, Boeing announced that it had sold to Air Florida on Braniff's behalf five 727-200 aircraft worth about $76m, but no buyer has yet been found for three wide-bodied 747s, which have cost Braniff over $100m, but which are almost unsaleable in the current airline recession.

The sale of the 727s, although it is what the bankers wanted, is itself a potential cause of friction in the negotiations, because the banks have been jostling to secure their loans against specific assets of the company, notably aircraft.

$50m bond for Toronto Dominion Bank

By Francis Ghilès

TWO DOLLAR Eurobonds were announced yesterday, including a $50m three-year note for Toronto Dominion Bank in a bond market which, on the secondary trading site, remains so quiet that many dealers describe it as "dead."

The bond, the third the Canadian bank has raised in the fixed interest dollar sector of the market so far this year, carries a coupon of 15 per cent and has been priced at par. News of the issue lowered prices of some other recent issues for the same borrower: the 14 per cent bond to 1984 for Toronto Dominion Bank shed ¾ of a point to close at 97 in the middle, at which level it yields 15.32 per cent.

Societe Generale, meanwhile, is co-leading with European Banking Company a $75m 10-year floating rate note for itself which includes an interest rate set at ¼ per cent over the six-month Libor rate and carries a minimum coupon of 5¼ per cent.

Noteholders can redeem the paper they buy at a price of 99 in 1985 or 99.40 in 1988.

The $30m convertible to 1996 for Tiger Overseas Finance, the U.S. transportation company, has been withdrawn by the lead manager Goldman Sachs after the price of the parent company shares in New York declined by $1½ to $21½ in the two weeks since the bond was announced.

Meanwhile a $30m 15-year convertible for one of Japan's largest construction companies, Hazama Gumi, was announced by Daiwa Europe. This convertible, on which the final terms will be set on July 7, includes an indicated coupon of 6 per cent.

D-Mark foreign bonds were unchanged in thin trading yesterday though prices of domestic German bonds picked up ahead of July 1, one of the major coupon payments dates in the year.

Woolworth sells Mexican stake

By Our Financial Staff

F.W. WOOLWORTH, the U.S.-based stores group, said that it had reached a tentative agreement in principle with Banco Nacional de Mexico (Banamex) under which 51 per cent of Woolworth's Mexican subsidiary, F. W. Woolworth Company SA de CV would be sold through an underwriting for a total price of about 750m pesos ($30.71m).

Woolworth has said that the expansion of its Mexican operations has been delayed since 1973 due to legislation requiring Mexican ownership before new stores can be opened.

ANTI-TRUST DAMAGES AWARDED

Court blow to AT and T

BY PAUL BETTS IN NEW YORK

THE U.S. Justice Department's long-running battle to break up American Telephone and Telegraph could be significantly affected by a Manhattan jury's award of $276.6m damages to Litton Industries in its four-year anti-trust case against AT and T.

Monday's verdict might provide encouragement to the Justice Department to pursue its own anti-trust case against AT and T at a time when it appears to be coming under pressure from the Reagan Administration to reach an out-of-court settlement with the telecommunications company.

This is also the third time that a jury has awarded substantial damages against AT and T in a private anti-trust suit filed by one of its competitors charging AT and T with monopolising the telephone equipment market and of anti-competitive conduct.

AT and T, which said it would appeal the Litton verdict, lost last year anti-trust cases brought against it by MCI Communications and Northeastern Telephone Company. In the case of MCI, AT and T is appealing a $1.8bn damages award to the Washington-based telecommunications group.

MCI, for its part, charged AT and T with preventing it from entering the long-distance private line telephone market.

But the Northeastern award of $16.5m damages was recently overturned by an appeals court.

Although both the MCI and Litton awards could also eventually be overturned, the latest court setback could not have come at a worst time for AT and T. It also represents an important victory for AT and T's competitors in the U.S. market.

AT and T currently faces some 40 other private anti-trust suits. But more significantly, its six-year battle with the Justice Department is coming to a head. It has accused AT and T of monopolising unfairly the telecommunications industry and has sought to break the company up.

The Justice Department is expected to rest its case against AT and T today. It will then be the turn of the defence. The case is generally expected to be concluded by the end of the year or early 1982 at the latest.

But in the past few months, the Reagan Administration has been pressing the Justice Department and AT and T to reach an out of court settlement. The Defence and Commerce departments have expressed concern that dismembering AT and T could have serious negative repercussions on U.S. security and telephone services in the country.

> The U.S. Justice Department had seemed increasingly willing to settle its six-year anti-trust case against AT and T out of court. But recently successful private suits against the telecommunications company might persuade it to pursue the case in court

In recent weeks too, Mr. William Baxter, the new anti-trust chief at the Justice Department who originally said he would litigate the case "to its eyeball," has indicated he would now consider a compromise settlement.

Moreover, the Reagan Administration is also trying to push a Bill through Congress to enable AT and T to enter the non-regulated data processing and electronics industry as well as maintaining its dominating position in the regulated telephone business.

The Administration fears that Japanese and other foreign competitors would have a big advantage in the U.S. telecommunications market at the expense of AT and T should it be prevented from entering the unregulated side of the telecommunications business.

The Federal Communications Commission with its so-called "Computer Two" decision last year also ruled that AT and T should be able to enter non-regulated businesses as long as the telephone company set up a separate subsidiary. For its part, AT and T's Bell telephone system is going ahead with an ambitous restructuring plan aimed at setting up such a subsidiary by transferring some $15bn of its assets to the new company.

Until now, the Justice Department has opposed these moves to allow AT and T to enter non-regulated fields. But AT and T has pointed out that the original regulations are now out of date because of dramatic changes in the telecommunications industry. The regulated and non-regulated sides of the business increasingly overlap.

But with the Litton verdict this week, the Reagan Administration could be forced to reconsider its position on the future of AT and T and the telecommunications industry. At the same time the Litton award could also prompt the Justice Department to seek an out of court settlement.

As in the Northeastern case, Litton, the California-based electronics and defence equipment group, charged that AT and T drove it out of the telephone equipment business in the early 1970s by refusing to allow equipment made by AT and T competitors to be attached to the Bell network without an expensive and sometimes unavailable connecting device manufactured by AT and T.

AT and T responded that the connecting device was necessary to protect Bell equipment from possible damage and claimed Litton's own mismanagement had caused its telephone equipment subsidiary to drop out of the market.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on June 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 1[illegible] 86 (WW)	55	99⅛	99⅞	0	−0⅞	15.34
Amoco 12¼ 88	75	94⅝	95⅛	0	−0¼	14.46
CIBC 14½ 84	165	98	98½	−0⅛	0	15.24
CIBC 15¼ 86	75	99¾	100⅛	−0⅛	−0⅛	15.25
CNA 15¼ 96	75	98	98½	−0⅛	−0⅛	15.56
CNE 12¾ 91	100	88½	89	−0⅛	0	14.99
Citicorp O/S 12 87	200	90⅛	90⅝	0	−0⅛	14.38
Citicorp O/S 15½ 84	175	100⅛	100⅝	−0⅛	+0⅛	15.26
Con. Illinois O/S 9¾ 86	150	82¾	83¼	−0⅛	−0⅛	14.79
Dupont Canada 13½ 91	85	94⅞	95⅛	−0⅛	−0⅛	14.45
EIB 12¾ 89	75	88⅝	89⅛	+0⅛	−0⅛	15.25
Eldorado 13¼ 86	50	94⅛	94⅝	0	−0⅛	14.94
Elec. de France 13 88	125	92⅛	92⅝	0	−0⅛	14.84
Export Dv. Cpn. 9½ 86	150	82⅜	82⅞	+0⅛	−0⅛	14.99
Fed. Bs. D. 12¾ 85 (N)	50	91⅞	92⅜	+0⅛	−0⅛	14.75
Fed. Bs. D. 15¾ 84 (J)	40	100⅞	101⅜	+0⅛	+0⅛	15.23
Fin. Exp. Credit 10½ 85	50	85⅜	85⅞	+0⅛	+0⅛	15.59
Finland, Rep. of 9½ 88	100	80½	81	+0⅛	+0⅛	15.51
Ford Cr. O/S Fin. 16 84	150	101⅛	101⅞	+0¼	−0⅛	15.08
Gaz de France 13½ 86	80	94⅞	95⅜	0	−0⅞	14.98
GMAC O/S Fin. 12⅞ 88	100	91⅜	91⅞	+0⅛	+0⅛	14.90
GMAC O/S Fin. 14¾ 87	100	97¾	98¼	0	0	15.28
Gen. Mts. O/S 11¾ 87	100	88	88½	0	−0⅛	14.69
Genstar 14¾ 91	50	98¼	98¾	+0⅛	0	15.02
GTE Fin. 12¾ 86 (WW)	50	96⅝	97⅛	+0⅛	+0⅛	14.63
Hiram Walker 16 86	50	102¼	102¾	+0⅛	−0⅛	15.22
IBM Wld. Trade 12½ 88	200	95⅜	96⅛	+0⅛	+0⅛	13.44
IBM Wld. Trade 14¾ 84	100	100⅝	101⅛	0	+0⅛	14.35
Nat Bk. Canada 15¼ 84	40	98½	99	−0⅛	−0⅛	15.79
Newfoundland 13½ 90	60	93¼	93¾	−0¼	−1	14.87
Nova Scotia 15 91	75	98¼	98¾	0	0	15.30
OKB 10 85	50	85½	86	0	−0⅛	14.94
Ontario Hydro 13½ 91	100	93⅞	94⅜	−0⅛	−1⅛	14.65
Queb. Hy. 13 91 (WW)	100	89½	90	−0⅛	+0⅛	15.04
Royal Bk. Canada 14 85	100	98	98½	−0⅛	−0⅛	14.49
SNCF 13 91	75	91⅛	91⅝	+0⅛	0	14.69
Sth. California Ed. 14 87	50	97⅞	98⅛	+0⅛	+0½	14.46
Sven Handlsbk. 13¾ 88	45	93⅛	93⅝	+0⅛	−0⅛	15.35
Swed. Ex. Credit 13 85	75	91⅜	91⅞	+0⅛	−0⅛	15.64
Swed. Ex. Cred. 15¾ 86	50	100⅝	101⅛	+0⅛	+0⅛	15.46
Toronto-Dom Bk. 14 84	50	96⅝	97⅛	−0⅛	−0⅛	15.32
Tribune O/S Fin. 14 86	50	95⅞	96⅛	−0⅛	−0⅛	15.15
Wells Fargo Int. 15½ 84	50	100⅝	101⅛	−0⅛	−0⅛	15.09
World Bank 9⅛ 85	200	85	85½	−0⅛	0	14.94
World Bank 10¼ 87	300	81⅛	82⅛	+0⅛	−0⅛	15.06

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅜	+0¼	−1	10.28
Austria, Rep. of 8¾ 92	150	87⅝	88⅛	+0⅛	−0¼	10.11
CECA 7⅞ 92	150	85⅞	86⅜	+0½	0	9.96
CECA 10 91	120	100⅝	101⅛	−0⅛	−0¼	9.86
Cii-Honeywell 8½ 90	125	87¼	88½	0	−0⅛	10.46
Council of Europe 10 91	100	99⅛	99⅞	+0⅛	−0⅛	10.07
EIB 8½ 90	200	83⅛	[illegible]	+0¼	+0¼	10.29
EIB 10½ 91	200	100¼	101	+0⅛	−0⅛	10.28
ESCOM 9¾ 87	100	90½	91½	−0¼	−0½	11.29
Finland, Rep. of 10 89	100	97⅜	98⅛	−0¼	−0½	10.42
Iberduero SA 9 90	100	89⅛	89⅞	+0¼	−0⅛	10.87
Ind. Bk. Finland 8½ 90	50	88¾	89½	0	−0⅛	10.35
Int.-Am. Dv. Bk 10 91	100	99¼	100	0	−0⅛	10.04
Japan Air Lines 8⅛ 87	100	91⅞	92⅜	+0½	+0¼	9.80
Japan Dev. Bk. 7¾ 87	100	88½	89⅛	+0⅛	+0¼	10.16
Kobe, City of 8 90	100	86¾	87½	+0⅛	−0⅛	10.26
Midland Int. Fin. 8½ 90	100	89⅛	89⅞	+0⅛	−0½	10.29
Nuclebras 9¾ 88	100	86¾	87⅛	+0¼	+0¼	12.57
OKB 8¼ 92	150	86½	87¼	−0⅛	+0⅛	10.30
Oslo, City of 8¼ 90	80	91¼	92¼	−0⅛	0	10.17
Venezuela, R. of 9¾ 90	150	93⅜	94⅛	0	−1⅛	10.83
World Bank 8 90	700	86½	87¼	+0⅛	+0⅛	10.29
World Bank 10 86	150	102½	107⅞	+1⅛	+1½	9.32

Average price changes On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	96	96½	−0¼	+1⅛	7.04
BFCE 6½ 91	100	95½	95⅞	+0¼	−0⅛	7.14
Bayer Int. Fin. 5⅝ 92	100	90	90⅛	−0½	−0¼	6.52
Bergen, City of 6¾ 91	40	99⅞	100¼	+0⅛	+0⅛	6.74
Bhrmn.-Tetterode 7 90	40	†100	100½	+0⅛	+0⅞	6.95
CECA 6¾ 91	80	96¼	97	+0⅛	[illegible]	7.20
Denmark 5¾ 90	80	89⅜	89⅞	−0½	+0¼	7.35
Dome Petroleum 5¼ 91	100	94½	95	0	+0⅛	6.45
Elet. de France 6¼ 90	100	91½	91¾	+0⅛	+1⅛	6.48
Eurofima 5¾ 92	80	†98½	99	−0¼	−0¼	5.90
F. G. H. Hypo. Bk. 6 90	50	94¼	95	+0⅛	+0⅛	6.78
Finland, Rep. of 6⅜ 90	80	89⅝	90	+0⅛	+1¼	7.17
Franc. Petroles 6½ 91	80	97⅜	97¾	+0¼	+1¼	6.85
Genstar 7 91	100	102¾	103	+0¼	+0⅞	6.59
Int.-Amer. Dv. Bk. 7 91	100	99	99¼	+0¼	+0⅛	7.12
Japan Dev. Bank 6¾ 90	100	94¼	94½	+0½	+1¼	6.57
Mt. Blanc Tunnel 5½ 90	60	89¾	90	−0⅛	−0⅛	7.03
Newag 5¾ 90	80	†92	93	+0⅛	+0⅛	6.69
OKB 7 83	100	99⅛	99⅜	−0⅛	−0⅛	7.09
Oslo, City of 5⅞ 90	80	90⅜	90⅞	+0⅛	−0⅛	7.27
Philips Lamps 5¼ 92	100	89½	89⅞	−0½	+1⅛	6.60
Swed. Ex. Cred. 7¼ 91	75	†97½	98	−0⅛	+0⅛	7.58
Trade Dev. Fin. 6⅞ 90	50	†92¼	92½	0	+0⅛	7.28
Voest-Alpine 5¾ 90	80	90	90½	−0¼	−0⅛	7.23
World Bank 6 91	100	93⅞	94⅛	+0¼	0	6.87
World Bank 7 90	100	101⅝	101⅞	+0¼	+0¼	6.72

Average price changes. . On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	97⅜	98⅛	−0⅛	0	8.51
Australia 6½ 88	20	85¼	86⅛	−0¼	−0⅛	9.37
EIB 7⅛ 83	12	92	93	−0¼	−0⅛	9.08
Finland 5.6 83	10	91⅜	92⅜	+0⅛	+0¼	9.56
Finland 6.8 88	10	85⅜	86⅜	+0⅛	+0¼	9.65
Finland, Rep. of 8⅜ 87	15	97¾	98⅜	0	+0⅛	8.79

Average price changes. On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	86⅝	87⅜	−0¼	−0½	14.33
CIBC 13½ 85 C$	50	94⅛	95⅛	+0⅛	0	15.41
CIBC 11⅛ 85 C$	60	86½	87½	0	−0⅛	16.11
Federal Dev. 11½ 90 C$	60	†80⅛	81⅛	0	−0⅛	15.61
Fst Can. Inv. 10 84 C$	50	†86	87	0	0	16.20
R. Bk. Canada 10 86 C$	40	88¼	89	+0¼	−0¼	13.30
Tordom Cpn. 13½ 85 C$	30	†94½	95½	0	0	15.27
M. Bk. Dnmk. 9 91 EUA	25	86⅞	88⅛	−0¼	−0½	11.06
SOFTE 8¼ 89 EUA	40	87	88¼	+0⅛	−0⅛	10.68
U. Bk. Nwy. 9½ 90 EUA	18	94	95½	0	−1¼	10.43
Algemene Bk. 10¼ 86 Fl	60	95	95½	+0¼	+0¼	11.58
Amro Bank 12 86 Fl	75	99⅞	100⅜	+0⅛	0	11.97
Heineken NV 10 87 Fl	100	92⅞	93⅜	0	−0¼	11.64
Nat. Nedrlndn. 10 88 Fl	60	94⅛	94⅝	0	+0¼	11.22
Ned. Midd. Bk. 10 85 Fl	75	93⅝	94⅛	−0⅛	+0⅛	11.90
Pierson 10¼ 86 Fl	50	92¾	93½	0	−1⅛	12.23
Rabobank 12 86 Fl	50	100	100½	+0⅛	+0⅛	11.92
Air France 14½ 86 FFr	200	91⅛	92⅛	0	−0⅛	17.14
Bk. America 14½ 86 FFr	250	89⅜	90⅜	0	−0⅛	17.74
Charb'nages 13⅞ 85 FFr	400	88⅜	89⅜	+0⅞	−0¼	17.65
EIB 14⅛ 88 FFr	300	87⅛	88½	0	−0⅛	17.37
La Redoute 14⅜ 85 FFr	125	85⅜	86⅜	+0⅛	−0⅛	19.10
OKB 14 86 FFr	400	90⅞	91⅞	0	−0⅛	16.74
Solvay et C. 14¾ 86 FFr	200	94⅝	95⅝	+0⅛	−1⅛	16.24
Swed. E. Cr. 14⅝ 86 FFr	250	87⅞	88⅞	+0¼	−1⅛	18.42
U. Mex. Sts. 14 85 FFr	150	89⅜	90⅜	+0⅛	0	17.77
Acona 14 85 £	20	93¼	94¼	0	−0¼	15.99
Beneficial 14⅛ 90 £	20	87⅜	88⅜	0	−0⅛	15.87
BNP 13½ 91 £	15	89⅜	90½	0	−0⅛	15.50
CECA 13½ 88 £	20	91½	92¼	−0⅛	−0¼	15.38
Citicorp O/S 13½ 90 £	50	93⅜	94⅜	0	0	14.67
Fin. Ex. Cred. 13¾ 86 £	15	92⅞	93⅞	−0⅛	−0⅛	15.62
Gen. Elec. Co. 12½ 89 £	50	88⅛	89⅛	+0⅛	0	14.58
Hiram Walker 14¾ 86 £	25	95½	96	0	−0½	15.56
Privatbanken 14½ 88 £	12	92⅛	92⅞	0	−0¼	16.38
Rothschild 14¾ 90 £	12	93⅞	94⅜	0	−0¼	15.44
Royal Trustco 14 86 £	12	95⅛	96½	0	−0⅛	15.16
Swed. Ex. Cr. 13¾ 86 £	20	93⅞	94⅜	0	−0⅛	15.60
Akzo 9⅛ 87 LuxFr	500	90	91	0	+1	11.42
Euratom 9¾ 88 LuxFr	500	85½	86½	0	−0⅞	13.00
Eurofima 10½ 87 LuxFr	500	90⅛	91⅛	0	−1⅛	12.65
EIB 9¾ 88 LuxFr	600	88⅛	89⅜	0	−1⅛	12.78
Volvo 9¾ 87 LuxFr	500	87	88	+0⅛	0	12.68

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99	99½	18/12	16⅝	16.88
Bank of Tokyo 5¾ 89	‡0⅛	98⅝	99⅛	25/7	16½	16.69
SBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31	18.31
BNP 5½ 88	‡0⅛	99	99½	29/7	16.44	16.58
CNT 5¼ 86	§0⅛	99¼	99¾	16/10	16.81	16.90
Christiania Bk. 5½ 91	‡0¼	98	98½	5/8	17.31	17.62
Citicorp O/S Fin. 94	‡0	99	99½	29/7	18.69	18.83
C. Itoh 5¼ 87	0¼	98⅞	99⅜	18/9	15.44	15.57
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.56
Den Norske Credit 6 90	‡0⅛	98⅝	99⅛	5/8	17.31	17.51
Genfinance 5¼ 87	0¼	99	99½	30/10	16.94	17.07
Genfinance 5¼ 92	0¼	99⅛	99⅝	30/12	18.31	18.43
Giro und Bank 5¼ 91	‡0¼	99	99½	23/9	19.08	19.21
GZB 5½ 89	‡0¼	98⅝	99⅛	1/8	17.31	17.51
GZB 5¼ 92	‡0⅛	98½	99	5/9	17⅛	17.47
Ind. Bank Japan 5¼ 87	0¼	99½	100	15/10	17.06	17.11
Ind. Bank Japan 5⅛ 88	0¼	98⅞	99⅜	9/10	16.44	16.58
Lloyds Eurofin 8 90 £	0¼	97⅜	97⅞	3/7	14½	14.66
Lloyds Eurofin 5¼ 92	0¼	98⅞	99⅜	4/12	17.44	17.58
LTCB Japan 5¼ 86	0⅛	99⅝	100⅛	13/12	17⅛	17.26
Man. Hanov. O/S 5¼ 94	‡0½	99½	100	30/8	19.06	19.11
Merrill Lynch O/S 87	0½	100	100½	7/8	20.44	20.39
Midland Int. Fin. 5¼ 92	0¼	99	99½	5/12	17⅜	17.51
Midland Int. Fin. 9 91	0⅛	98⅛	99⅛	30/10	16.81	17.03
Nacional Fin. 6¼ 88	0¼	99⅛	99⅝	25/7	17⅛	17.86
Nacional Fin. 5½ 88	0¼	96⅞	97⅜	25/9	14⅞	15.32
Nat. Bk. Canada 5⅛ 88	0¼	98	98½	24/9	14½	14.76
Nat. West. 5¼ 94	§0⅛	98	98½	14/10	16.19	16.48
Nat. West. 5¼ 92	§0¼	98⅛	98⅝	23/10	16.81	17.08
Pemex 6 91	0¼	96⅞	97⅜	8/10	15.31	15.77
Sparebanken 6 87	0¼	98⅜	98⅞	19/12	16.91	17.05
Standard Chart. 5¼ 90	0¼	98⅞	99⅜	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0¼	99⅜	99⅞	15/7	17.81	17.88

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	101½	102½	−0¼	2.96
Bow Valley Inv. 8 95	4/81	23.12	102⅛	103⅛	0	6.41
Canon 6¾ 95	1/81	829	173¾	175¼	+0½	0.59
Credit Suisse 4¾ 93	10/78	1236	85	87	0	−1.84
Digicon Fin. 8½ 95	10/81	29.5	100⅛	102	+0⅛	13.93
Fujitsu 5½ 96	7/81	732	108	109	+0⅛	9.71
Hanson O/S Fin. 9½ 96	8/81	2.74	94½	96	0	0.33
Ina Overseas 8¾ 2000	4/81	42	109	110¼	−1½	−2.04
Inchcape 8 95	2/81	4.55	79	80¼	+2⅛	7.96
Kotobukiya Co. 7 96	4/81	619	†95⅛	96⅝	−1	−1.55
Marion Int. Fin. 9 95	12/80	16.5	78⅛	79⅛	−0⅛	14.83
Marui 6 96	7/81	931	103½	104½	−0⅛	−1.72
Matsushita El. 7½ 95	11/80	590	97¾	98¼	+0⅛	−1.29
NKK 6½ 96	7/81	188	116	117	−0⅛	25.43
Ricoh 6⅜ 95	8/80	604	151⅞	153⅜	+3¼	0.57
Sumitomo M. Ind. 7 95	2/81	181	142½	143⅞	−0⅛	3.98
Swiss Bk. Cpn. 6⅝ 90	9/80	200	76⅛	77⅛	+0⅛	25.98
Taylor Woodrow 8¾ 90	1/81	4.94	92⅛	93½	+0⅛	3.19
Transco Int. 8¾ 95	2/81	68	80⅛	81½	−0⅛	37.70
Tricorp 8½ 95	12/80	31.25	81	82⅛	−1⅛	6.54
Union Bk. Switz. 5 89	2/80	70.79	†74½	75½	+1½	4.32
Fujitsu 5 84 DM	7/79	431.5	203⅛	204⅛	+1⅛	−1.49
Sharp Cpn. 6½ 85 DM	9/80	585	197⅞	198⅞	+5⅞	0.94
Uny Co. 6½ 85 DM	11/79	878.3	118⅛	119⅛	−0⅛	−3.46

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Uddeholm incurs four month deficit

By Westerly Christner in Stockholm

UDDEHOLM, THE Swedish special steel and power generating group, reports a pre-tax loss and a fall in sales of 14 per cent for the first four months of this year.

The group turned in a deficit of Skr 131m ($28.2m), compared with a surplus of Skr 82m during the first four months of 1980, on consolidated turnover of Skr 1.092bn, which was Skr 182m less than the same period last year.

The loss was attributed both to reduced sales and increased pressure on margins, as well as substantial stock reductions and higher production expenses associated with extraordinary costs.

Mr. Sören Gyll, managing director, expects the group result for the whole of 1981 to be "considerably worse" than in 1980, when Uddeholm returned a pre-tax profit of Skr 68m on sales of Skr 3.57bn.

However, the positive effects of a restructuring are expected to be felt within the steel operations by the final stages of the year when production should be rising.

The steel operations, including Uddeholm Tooling, showed an operating loss of Skr 95m during the four-month period, in contrast with earnings of Skr 111m a year earlier.

UMW buys Fiat distributor

By Our Financial Staff

UNITED MOTOR WORKS, the Malaysian heavy equipment group, is to buy Syarikat Fiat Distributors for 45m ringgit ($19.6m).

Fiat Distributors has the franchise of Fiat cars in Malaysia and operates an assembly plant in Southern Malaysia. Like all other European motor groups, Fiat has gradually slipped back in the Malaysian market in the face of Japanese competition.

UMW will pay 11.25m ringgit in cash and 4.5m shares valued at 7.5 ringgit each for Fiat Distributors.

UMW is also believed to be eyeing the Toyota franchise, now held by Inchcape Berhad which has an agreement with Toyota lasting until 1983.

New investment directive drawn for Italian Banks

BY JAMES BUXTON IN ROME

THE BANK OF ITALY has issued new guidelines tightly restricting the kind of companies in which Italian banks may take equity stakes. The new rules prevent banks from investing in finance companies and insurance companies, as well as in newspapers.

Though the new directive is based on the decision of an interministerial committee in January, it takes on special significance because of recent affairs involving Sig Roberto Calvi, who heads the Banco Ambrosiano, Italy's biggest private bank. Sig Calvi and some of his associates are currently on trial for illegal export of currency.

Under the new directive banks which already have stakes in insurance, finance companies and other banned companies will have to transfer them in agreement with the central bank. Shareholdings in newspapers acquired before 1970 can be retained but must be transferred to "appropriate" holding companies.

Italy's commercial banks have long officially been limited to a narrowly defined role which forbids their making medium- or long-term loans and participating in companies outside the field of banking. This has been the case since the 1930s, when the present structure of predominantly state-owned banks was established.

However, in recent years certain commercial banks, especially in the private sector, have strayed increasingly from these confines, while the Bank of Italy has occasionally sanctioned longer term lending and participation, though equity stakes, in rescue consortia.

The latest rules define more closely what banks may and may not do. They should only invest in activities related strictly to banking, such as factoring and leasing, though under certain circumstances they may take stakes in property companies and trust companies.

The new rules make it clear that banks many only buy into or establish foreign banking operations where this is justified by the size of the Italian institution and the foreign business it has to transact. This provision appears aimed at the misuse by some banks of subsidiaries in places like the Bahamas, Panama and Luxembourg.

The new rules appear to threaten some of the operations of Banco Ambrosiano, which has a 48 per cent stake in the finance company La Centrale. Recently La Centrale took a 40 per cent stake in the Rizzoli publishing group, which owns Corriere Della Sera, Italy's leading newspaper. This latter deal has yet to receive the formal approval of the authorities required for all capital operations.

Esselte plans to expand abroad

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ESSELTE, the Swedish office supplies, graphics and packaging group, plans to continue its international expansion by buying suitable foreign companies. At its present level of profitability, the group is generating enough capital for a nominal growth of 15 per cent a year, or 7 per cent after average inflation, Mr Sven Wallgren, the managing director, writes in the annual report for the year ended March 31.

About half of this growth, however, corresponding to annual sales of at least SKr 200m ($40m), must be achieved through new acquisitions. If this target is reached, Esselte can renew its strong profit growth.

For 1980-81, the group reported an earnings decline of roughly 14 per cent to SKr 281m after a 15 per cent growth in sales to SKr 4.7bn. As previously reported, the directors recommend a SKr 1 increase in the dividend to SKr 8 a share.

Mr Walgren notes that in 1980-81 Esselte realised its second best result so far in spite of the recession on its major markets, especially in the U.S. and Britain. The company forecasts a profit recovery in the current year, with sales advancing to SKr 5.2bn.

Esselte has adjusted its accounting method to show the deferred income from the leasing of office machines as an allocation below the line instead of as part of the operating profit. The change presents a more accurate picture of the group's earning capacity in Mr Wallgren's view. It gives returns of 15.5 per cent on total capital employed before tax and of 13.7 per cent on equity after tax.

Since the mid-1970s, Esselte has expanded swiftly outside Sweden and has attracted considerable interest among foreign investors. Last year it generated 55 per cent of its sales abroad, and now has production and marketing subsidiaries in 25 countries.

Condotte breaks even after Iran provisions

By Our Rome Staff

CONDOTTE, the major construction group in which the Italian state holding company IRI-Italstat has a 52 per cent stake, broke even last year after providing L20bn ($17m) for contingencies and depreciation. In 1979, profits were L3.9bn after provisions of L14.6bn.

The provisions were necessary because of the uncertain situation in Iran where Condotte has a major contract to build a new port at Bandar Abbas, the company said.

Last year Condotte's turnover rose 28 per cent to L509bn, divided evenly between work in Italy and overseas. The order book stood at L1,835bn at the end of 1980, some 37 per cent higher than the 1979 figure.

Condotte says the effects of the Iran-Iraq war have reinforced the Iranian authorities' desire for the Bandar Abbas project, since the war has closed Iranian ports on the Shatt-al-Arab river.

However the project, worth about $1.5bn, is a major source of financial and other problems to Condotte and the other companies involved in Italcontractors, the consortium handling it. It recently sent a delegation to Iran to reopen negotiations to secure unpaid debts estimated at $200m. Up to now credits have only been paid in local currency which is not convertible.

The delegation has had talks with the Iranian minister of transport. "It is a question of identifying someone effective and above all permanent with whom to start definitive negotiations," Sig Sergio de Amicis, Condotte's new chairman, said yesterday.

PARTNER STILL SOUGHT

Seat's cash-flow dilemma

BY ROBERT GRAHAM IN MADRID

FOR A MAN running one of Spain's biggest loss-makers, the car producer Seat, Sr Juan Miguel Antonanzas is remarkably ebullient. He is committed to the company's survival and knows that the Spanish Government, Seat's chief shareholder, is equally committed.

The task ahead for Seat is daunting. Losses in 1980 topped Pta 20bn ($220m) and Seat needs massive Government support while it searches for a new international partner.

Sr Antonanzas admits bluntly: "Either we find a new partner by the end of the year or we have to begin investing in a new model ourselves."

The see-saw fate of Seat over the past two years is mirrored by the career of Sr Antonanzas. When Fiat agreed in June, 1979, to raise its 36 per cent stake in Seat to a controlling interest, Sr Antonanzas was running the company. However, part of the agreement with Fiat was that he step down to let Italian management take full control.

Less than nine months after this, Fiat decided not to take control of Seat and so last summer Sr Antonanzas, a former head of the state holding company, INI, was asked once again to resume the chairmanship.

Fiat's decision to back out of its agreement—a rare move for a major international company—put Seat back to where it was before 1979. But with the added problem that its entire strategy for the next five years, which was based round integration with Fiat, had to be re-cast.

For the past year Seat has been pursuing a two-pronged policy to reach a satisfactory settlement with Fiat and seek a new international partner.

The first of these aims was achieved in June. The basis of the agreement is as follows:

● Fiat will hand over its residual shares (18 per cent) for virtually nothing in two stages to be complete by July, 1982.

● Royalties paid to Fiat on current models will be reduced between 10 and 25 per cent. On any restyling a reduction of 62 per cent will be made where royalties apply to Fiat-made components.

● The two companies will continue to cooperate technically and commercially until 1985 with Fiat committed to distribute outside Spain a total of 383,000 cars during this period.

● Seat will have total liberty to integrate financially and commercially with other companies.

At this week's annual meeting, Seat proposed a major new financing move aimed at raising Pta 24.1bn ($254m) and involving a rights issue and an issue of fixed rate debt. It was explained that the rights issue — a one-for-three at par to raise Pta 9.1bn — would be underwritten by Seat's major shareholder, the State holding company, INI. The debt offering would involve Pta 15bn of new funds. Referring to last year's trading performance, Seat said that the main reason for the heavy loss was the sharp rise in financial charges which totalled Pta 17bn in 1980, against Pta 6.8bn. This output was expected to again fall short of 300,000 units, having eased down to 298,600 in 1980 — a decline of 0.4 per cent.

Fiat has retained an effective presence in the Spanish market and will benefit from Seat's exports business and will continue to supply Seat with components.

For its part Seat reckons it is gaining some Pt5.2bn through reduced Fiat royalties and has secured, at the same time, an agreement on third country sales. Exports now account for just under half of Seat's 175,000 a year car sales. Rather than a divorce, the positioning of the two companies can be seen as a separation if— and until—Seat finds a new partner.

Seat's search for new capital and sales outlets has centred primarily on two Japanese groups, Nissan and Toyota. A negotiating team from Toyota arrived back in Madrid at the end of last month and has consistently shown the most interest. Meanwhile, it's approach to the problem remains conservative and unhurried.

Seat is not an easy company to associate with. In a very short space of time it has swung from being a monopoly producer with a wide range of models to having just 30 per cent of local registrations and only three main models. At present around 25 per cent of its workforce are considered surplus to requirements. The company's sales image has been seriously unsettled by the uncertainties with Fiat. Finally, Seat is seriously short of capital.

Against this Sr Antonnzas insists that a future partner is being offered a company with full government backing—both financially, commercially and politically — in a country that has a well developed motor and automotive components industry. Additionally Seat has the best distribution and service network in Spain.

Sr Antonanzas is already pushing ahead with plans to invest Pta 45bn over the next three years and trim some 6,000 jobs.

But none of this makes the company's fate much clearer. No Spanish government could afford to see Seat disappear because some 250,000 jobs would be affected directly and indirectly. Seat is already having to think about a new model for the late 1980s if it is to survive.

Further sharp downturn in earnings at Hachette

BY DAVID WHITE IN PARIS

HACHETTE, the leading French publisher of which the Matra arms and space company gained control at the end of last year, has reported a further sharp fall in profits for 1980.

Group net earnings dropped to FFr 50m ($8.8m) from FFr 97m in 1979. In 1978 Hachette made a profit of FFr 179m, partly from capital gains resulting from the disposal of assets.

Leaving aside exceptional earnings and losses, the consolidated profit figure for last year was almost 80 per cent lower at FFr 10.4m, compared with FFr 49.6m in 1979.

After a complex financial manoeuvre, a Matra-controlled holding company ended up with around 83 per cent of Hachette's shares in January this year.

M Jean-Luc Lagardere, the Matra chairman who has also taken over as head of Hachette, expressed serious concern at Matra's annual meeting about the possible effect of the new Government's plans for nationalising the armaments sector.

He said that defence activities would remain the group's main support for at least another five years.

Export orders, particularly in the defence sector, had fallen behind schedule since M Francois Mitterrand's election as President last month. But it was too early to say whether there would be a major impact, M Lagardere said. The parent company's order book in the arms, space and civilian sectors amounted to some FFr 11bn.

German Ford increases market share

By Stewart Fleming in Frankfurt

FORD-WERKE, the West German subsidiary of Ford Motor of the U.S., is expecting improved earnings in 1981 after the loss of DM 463m ($264m) reported for 1980. But it is still not clear after the first six months of the year whether the company will be able to report a profit for the 12 months, Herr Dieter Ullsperger, the company's chief financial officer, said at the annual meeting.

Over the first five months of the year, however, the company has been able to increase its market share from 10.3 per cent to 13 per cent. Moreover, the company is sticking to its planned investment programme involving capital expenditure of DM 3.5bn between 1981 and 1985.

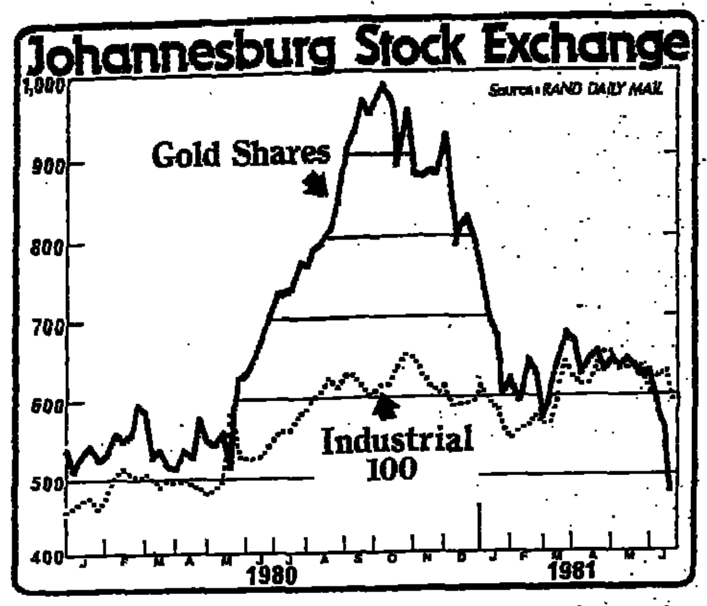
SOUTH AFRICAN SHAREMARKET

The bears gather momentum

BY JIM JONES IN JOHANNESBURG

THE INCREASE in the South African Bank Rate of 1 per cent to a record 10.5 per cent, last Wednesday, the third rise this year, has come as another blow to fragile sentiment on the Johannesburg stock exchange. When it was followed on Friday by the gold price extending its fall, to reach 442 an ounce — well below the $450 seen as a critical support level by the chartists—shareholders rushed into the market to sell.

On Monday the Rand Daily Mail golds shares index shed 36.4 points falling to 478.7, less than half its September 22 last year peak of 1,026.1. Industrial shares, which have been growing increasingly hesitant in the face of economic projections, have responded to the gold shares fall, with the RDM 100 industrial index losing a further 8.7 points on Monday to 598.4.



The RDM 100 reached a peak on November 5 last year, before declining to a low of 537.2 on February 3, and recovering to 653.5 on May 1. The industrial share rally between February and May was sustained by a steady succession of strong corporate profit advances and dividend declarations. This year's annual reports, however, with few exceptions, contained chairmen's warnings that the growth rates of 1980 are unlikely to be repeated.

These warnings have been underlined by the June economic survey of Sanlam — South Africa's second largest insurance group. The upper turning point of the economy has been reached, says Sanlam.

Sanlam's view on the economy is shared by Mr Adam Jacobs, the economist of Volkskas Bank. He believes the latest Bank Rate increase will cut back economic growth and that the downturn will last until 1983. He does not, however, believe that higher interest rates and tighter money will have a noticable effect on capital investment.

At present, the dividends of quoted industrial companies are on average covered about three times by earnings — meaning that some 70 per cent of bottom line earnings are being retained for reinvestment in business. At this time last year, the cover averaged about 2.5, against 2.3 in 1979. This, he argues, means that while earnings by South African companies are set to grow more slowly than in 1980, dividends will grow even more slowly.

As always, though, prospects for gold and gold mine earnings set the trend on the exchange, and nothing to help shares upward appears to be on the horizon.

Mr. R. S. Lawrence, the outgoing Chamber of Mines president, took a bullish view of gold's medium-term potential in his 1981 chairman's review. But as far as the near-term is concerned, the view from Zurich's gold market is that gold should move to $400 an ounce.

Mr. Lawrence also points out that in 1980 gold mine working costs rose by an average of 18 per cent against an 11 per cent advance in 1979, and economists at Johannesburg Consolidated Investment Corporation (JCI), the mining house, have estimated that a 20 per cent cost advance is likely this year.

Rand-denominated gold mine profits have been protected to an extent by the drop in the commercial Rand's exchange rate against the dollar to $1.15 to the Rand, from $1.35 last year. This has tended to offset the drop in the price of gold from last year's average of $613 an ounce to around $420. None the less, the industry's dividend paying capacity is under strain.

At the national level, Senator Owen Horwood, the Finance Minister, conceded in Frankfurt last week that gold's price fall could lead South Africa into a balance of payments deficit this year after a surplus of more than R2bn ($2.3bn) in 1980. In the first quarter of the year, the South African Reserve Bank says, the central bank and commercial banks borrowed R727m to avoid declines in foreign exchange reserves and to help domestic liquidity.

Prices of gold shares have tended to fall less quickly in Johannesburg than on overseas exchanges as, since the start of December, the financial Rand—the investment currency in which non-South Africans trade in South African shares—has fallen from R1 to the dollar to 82.5 U.S. cents.

For the present, institutional investors are concentrating on short-term fixed interest securities which offer attractive yields. But a recent straw poll of fund managers brought the response that once the RDM 100 index reached the 500 range, institutional buying would provide support for ordinary shares.

More HK property for MUI

BY WONG SULONG IN KUALA LUMPUR

THE FAST expanding Malaysian conglomerate, Malayan United Industries (MUI), has announced a second major property acquisition in Hong Kong in two weeks. Central Sugars, the 77 per cent owned subsidiary has agreed to buy a 21 storey office block, known as Advance Building, in the central business district of Hong Kong for HK$270m (U.S.$49m) from Sun King Fund Development, a subsidiary of Sung Hung Kai Securities.

Central Sugars will pay a cash deposit of HK$1.8m and an issue of 11.51m shares of one ringgit each valued at 10 ringgit (U.S.$4.32).

MUI has agreed to underwrite 70 per cent of the new shares at 10 ringgit each.

A fortnight ago, MUI announced the purchase of the 17-storey East Ocean Centre in Tsimshatsui district in Kowloon from a subsidiary of the Cheung Kong property group for HK$600m to be satisfied by a deposit of HK$4m and the issue of 16.87m MUI shares valued at 15 ringgit each.

Central Sugars says Advance Building has a gross lettable space of 57,000 sq ft with a current annual rental of HK$7m. However, it expects annual rentals for 1982 and 1983 to be around HK$24m. The transaction will increase the net asset backing of Central Sugars from 4.74 ringgit to 6.46 ringgit per share. The deal is subject to approval from the Malaysian authorities.

MUI is controlled by Datuk Khoo Kay Peng, who is also vice-chairman and chief executive of Malayan Banking, the country's largest bank.

Hsin Chong Property tops forecast

By Adrian Boven in Hong Kong

HSIN CHONG PROPERTY, the development company that went public late last year with a HK$240m (US$43m) offering of new shares, has reported profits for the year to March 31 of HK$18.2m, which is 38 per cent higher than the HK$13m forecast in the prospectus. The dividend is the promised 2 cents a share.

The directors say earnings for the current financial year should surpass the predicted HK$62m.

Myer Emporium lays out terms of A$50m issue

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S largest retail chain, the Myer Emporium will offer the A$50m ($U.S.57.4m) unsecured convertible note issue, foreshadowed last week at A$2.20 a share.

The offer will be on the basis of 100 notes for every 1,200 shares owned, at the A$2.20 par value. The notes bear interest of 11.25 per cent for ten years. Shareholders can apply for notes in excess of their entitlements, but they will be non-renounceable and there will be no rights trading.

Conversion dates are April in 1982, 1983, 1985, 1987, 1989 and 1991, with any remainder repayable in January 1992.

Myer said the issue would help finance its expansion, which includes updating computer operations at a cost of A$50m.

● BRAMBLES INDUSTRIES, the diversified transport group, is raising A$20.6m from share and convertible note holders by a one-for-eight rights issue and Australian Paper Manufacturers is seeking a similar amount through a cash and convertible debenture stock issue.

Brambles will issue an extra 11.14m shares of 50 cents at A$1.85 each. The company made its last fund-raising through a 1-for-10 rights issue in August last year.

APM is seeking A$20m and is offering interest rates ranging from 14.7 per cent to 15 per cent on medium term five, seven, and nine year debentures. Holders of APM debentures maturing on August 31 totalling A$4.27m will have first option to subscribe to the issue in multiples of A$100.

Funds will be used for capital expenditure and working capital in planned propjects.

APM raised A$45m with a convertible offer last August, and plans to issue up to A$94m in shares to fund its takeover of Containers.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

CURRENCIES, MONEY and GOLD

Dollar firm

Dollar improved against most currencies in featureless foreign exchange trading yesterday. News of a fall in the U.S. index of economic indicators during May depressed the U.S. currency in the early afternoon, but it *recovered on buying from New York to finish near the best level of the day.*

Sterling lost ground against the dollar and several other major currencies, and continued to weaken in the afternoon when the dollar was showing a softer trend on the news about economic indicators.

European currencies weakened against the dollar, but recorded little change overall. The Belgian franc remained within its divergence limit in the European Monetary System, but touched its lowest permitted level against the Deutsche Mark.

DOLLAR — trade-weighted index (Bank of England) rose to 109.0 from 108.8. The U.S. currency improved to DM 2.3955 against the *Deutsche Mark* from DM 2.3925, the French franc to FFr 5.7155 from FFr 5.7050, the Swiss franc to SwFr 2.0460 from SwFr 2.0335, and the Japanese yen to Y226.85 from Y225.85.

STERLING — trade-weighted index (Bank of England) eased to 94.1 from 94.2, after opening at 94.5, and falling to 94.3 at noon. The pound closed at $1.9300-1.9310, a fall of 1.15 cents *on the day*, after opening at $1.9490-1.9500, and touching a low of $1.9250-1.9260.

D-MARK — *Strongest* member of the European Monetary System, but losing ground once again to the strong dollar as U.S. interest rates remain firm. A reduction in Germany's large balance of payments deficit later this year, reflecting the better *competitive position of German* exports, may assist a recovery provided U.S. interest rates do not show a further rise — The D-mark showed mixed changes at the Frankfurt fixing, with the dollar moving within a narrow range before being fixed at DM 2.3909, compared with DM 2.3796 on Monday. In the late afternoon the U.S. currency *improved to* DM 2.3917 in quiet trading following news that the West German trade figures for May would not be released yesterday. The Bundesbank did not intervene at the fixing and was probably not active on the open market. *Sterling fell to* DM 4.6240 shortly before the close, after being fixed at DM 4.6450, against DM 4.6490. Within the EMS the French franc rose to DM 41.92 per 100 D-marks from DM 41.8450, and the Italian lira to DM 2.0100 per 1,000 *lira* from DM 2.0080.

BELGIAN FRANC — Remaining at or near the bottom of the EMS, but no longer under any heavy pressure despite continued economic problems and a large payments deficit. The currency has been within its divergence limit against the ECU, allowing a steady reduction of interest rates recently— The Belgian franc touched its floor against the D-mark within the EMS yesterday, and required support from the Belgian National Bank. There was an increase in three-month Treasury Bill rates yesterday, reversing the recent downward trend, which had previously led to an improvement of the D-mark against the franc. The German currency *rose to BFr 16.3955 at the* Brussels fixing, its highest permitted level within the system, after being fixed at BFr 16.3875 on Monday. The French franc rose to BFr 6.8760 from BFr 6.85975, but the guilder and Danish krone were slightly *lower at the fixing. Outside the* EMS the dollar rose to BFr 39.26 from BFr 39.0550, but sterling was unchanged at BFr 76.1550.

THE POUND SPOT AND FORWARD

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9250-1.9500	1.9300-1.9310	1.05-1.15c dis	−6.84	2.63-2.73dis	−5.55
Canada	2.3160-2.3380	2.3160-2.3170	1.55-1.65c dis	−8.29	3.85-4.00dis	−6.78
Nethlnd	5.13-5.18½	5.14½-5.15½	¼c pm-¼ dis	—	1¼-¾ pm	0.48
Belgium	75.80-76.40	75.65-76.75	25-35c dis	−4.75	85-95 dis	−4.75
Denmark	14.47-14.62	14.49½-14.50½	6¾-7½ore dis	−5.74	16½-18½dis	−4.81
Ireland	1.2630-1.2780	1.2635-1.2650	0.27-0.39p dis	−3.13	0.83-1.02dis	−2.93
W. Ger.	4.61-4.66½	4.62¼-4.63¼	¼pf pm-¼ dis	—	¼ pm-¼ dis	—
Portugal	122.50-123.50	122.55-122.75	65-135c dis	−9.78	165-270dis	−7.09
Spain	183.80-185.75	183.90-184.10	115-145c dis	−8.48	305-350dis	−7.12
Italy	2298-2321	2300-2302	24½-26½lire dis	−13.30	70-73 dis	−12.43
Norway	11.60-11.72½	11.61¼-11.62¼	¼-¾ore dis	−0.39	¼-1½ dis	−0.90
France	11.02-11.10	11.02½-11.03½	12¾-13¾c dis	−14.41	29½-31 dis	−10.97
Sweden	9.81-9.91	9.81-9.82	2¾-3½ore dis	−3.90	6½-7½ dis	−2.85
Japan	437-441	437½-438½	1.85-1.80y pm	4.73	5.50-5.15 pm	4.86
Austria	32.62-32.88	32.63-32.58	par-6gro dis	−0.92	1 pm-9 dis	−0.49
Switz	3.93-3.96½	3.94½-3.95½	1-½c pm	2.28	2½-2 pm	2.28

Belgian rate is for convertible francs. Financial franc 78.00-78.10. Six-month forward dollar 4.25-4.35c dis. 12-month 5.55-5.75c dis.

THE DOLLAR SPOT AND FORWARD

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9250-1.9500	1.9300-1.9310	1.05-1.15c dis	−6.84	2.63-2.73dis	−5.55
Ireland†	1.5235-1.5285	1.5240-1.5255	0.46-0.56c dis	−4.01	0.86-1.00dis	−2.44
Canada	1.1992-1.2005	1.2000-1.2003	0.11-0.16c dis	−1.30	0.33-0.37dis	−1.17
Nethlnd	2.6550-2.6700	2.6670-2.6700	1.60-1.50c pm	6.99	4.00-3.90 pm	5.94
Belgium	39.14-39.22	39.20-39.22	8-3c pm	1.62	8-3 pm	0.56
Denmark	7.4850-7.5195	7.4850-7.4900	0.90-0.65ore pm	1.24	1.40-0.90 pm	0.61
W. Ger	2.3850-2.3975	2.3950-2.3960	1.26-1.20pf pm	6.16	3.21-3.15 pm	5.31
Portugal	63.35-63.65	63.35-63.55	par-30c dis	−2.84	par-80 dis	−2.52
Spain	95.15-95.40	95.20-95.25	5-15c dis	−1.26	30-45 dis	−1.58
Italy	1189-1191½	1190½-1191½	5¾-6¾lire dis	−6.30	19-21 dis	−6.72
Norway	6.0050-6.0140	6.0090-6.0100	3.20-2.70ore pm	5.88	8.00-7.50 pm	5.15
France	5.6900-5.7180	5.7130-5.7180	3½-4½c dis	−8.42	7-8½ dis	−5.44
Sweden	5.0780-5.0880	5.0780-5.0830	1.45-1.25ore pm	3.18	3.35-3.15 pm	2.55
Japan	225.50-227.00	226.80-226.90	2.25-2.10y pm	11.50	5.75-5.60 pm	10.01
Austria	16.82-16.89	16.86-16.87	8.80-7.30gro pm	5.73	21.75-17.75pm	4.68
Switz	2.0275-2.0475	2.0455-2.0465	1.60-1.50c pm	9.09	4.00-3.90 pm	7.72

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	94.1	−30.5
U.S. dollar	109.0	+2.6
Canadian dollar	88.0	−17.1
Austrian schilling	111.6	+21.5
Belgian franc	105.1	+6.9
Danish kroner	86.1	−11.5
Deutsche mark	116.6	+38.3
Swiss franc	138.0	+84.2
Guilder	108.2	+14.3
French franc	83.5	−11.9
Lira	57.5	−55.7
Yen	142.1	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	80.90476	0.543761
U.S. $	14	1.15320	1.05870
Canadian $	19.08	1.38326	1.27065
Austria Sch.	6¾	19.3622	17.7756
Belgian F.	13	45.0382	41.3635
Danish K.	11	8.60460	7.92553
D mark	7½	2.74415	2.52606
Guilder	9	3.05079	2.80662
French Fr.	9½	6.56978	6.03143
Lira	19	1368.56	1267.74
Yen	6¼	259.585	238.155
Norwgn. Kr.	9	6.89268	6.34163
Spanish Pts.	8	109.450	100.492
Swedish Kr.	12	5.84269	5.38191
Swiss Fr.	5	2.35581	2.14736
Greek Dr'ch.	20½		61.5900

OTHER CURRENCIES

June 30	£	$		£ Note Rates
Argentina Peso	8743-8763†	4505-4522†	Austria	32.60-32.90
Australia Dollar	1.6775-1.6815	0.8710-0.8715	Belgium	78.10-78.90
Brazil Cruzeiro	176.57-177.37	90.95-91.40	Denmark	14.60-14.65
Finland Markka	8.611-8.617	4.4545-4.4565	France	11.02-11.12
Greek Drachma	111.240-114.846	58.25-58.45	Germany	4.64-4.68
Hong Kong Dollar	10.70-10.72	5.5450-5.5500	Italy	2270-2310
Iran Rial	155.50*	80.50*	Japan	438-444
Kuwait Dinar(KD)	0.546-0.552	0.2818-0.2821	Netherlands	5.15½-5.19
Luxembourg Frc.	75.65-75.75	39.20-39.22	Norway	11.65-11.77
Malaysia Dollar	4.4660-4.4760	2.3140-2.3170	Portugal	120-124½
New Zealand Dlr	2.2640-2.2690	1.1745-1.1765	Spain	179-188¼
Saudi Arab. Riyal	6.60-6.66	3.4110-3.4130	Sweden	9.85-9.95
Singapore Dollar	4.1040-4.1140	2.1265-2.1295	Switzerland	3.95-3.97
Sth African Rand	1.7105-1.7115	0.8860-0.8865	United States	1.93-1.94½
U.A.E. Dirham	7.11-7.17	3.6710-3.6730	Yugoslavia	71-82

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 14,394-14,414 and for the dollar 7,400-7,450. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.4071	+1.49	+1.49	±1.5361
Danish Krone	7.91917	7.92879	+0.12	+0.12	±1.6413
German D-Mark	2.54502	2.52553	−0.77	−0.77	±1.1386
French Franc	5.99526	6.02647	+0.52	+0.52	±1.3638
Dutch Guilder	2.81318	2.80814	−0.18	−0.18	±1.5159
Irish Punt	0.685145	0.691839	+0.98	+0.98	±1.6688
Italian Lira	1262.92	1256.97	−0.47	−0.47	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.931	4.626	438.0	11.03	3.950	5.150	2301.	2.317	75.70
U.S. Dollar	0.518	1.	2.397	226.9	5.714	2.046	2.668	1192.	1.200	39.21
Deutschemark	0.216	0.417	1.	94.65	2.384	0.854	1.113	497.2	0.501	16.36
Japanese Yen 1,000	2.283	4.408	10.57	1000.	25.18	9.018	11.76	5253.	5.289	172.8
French Franc 10	0.907	1.750	4.195	397.1	10.	3.581	4.669	2086.	2.100	68.63
Swiss Franc	0.253	0.489	1.172	110.9	2.792	1.	1.304	582.5	0.586	19.16
Dutch Guilder	0.194	0.375	0.899	85.05	2.142	0.767	1.	446.8	0.450	14.70
Italian Lira 1,000	0.435	0.839	2.011	190.4	4.794	1.717	2.238	1000.	1.007	32.90
Canadian Dollar	0.432	0.833	1.998	189.1	4.761	1.705	2.223	993.3	1.	32.68
Belgian Franc 100	1.321	2.550	6.115	578.6	14.57	5.218	6.803	3040.	3.060	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 15/16	offer 17 15/16	bid 17 3/8	offer 17 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅛-11¾	18⅜-18⅝	19-20	11 11/16-11 15/16	2¾-3¼	11¾-11⅞	30-60	18-21	10-12	6½-7
7 days' notice	11½-11¾	18½-18¾	19-20	11⅝-11⅞	4-4½	11⅞-12	25-35	20¼-22¾	13-15	6¾-7
Month	11 15/16-12	18-18¼	19⅛-19½	11⅝-11⅞	9¼-9⅝	12 1/16-12 5/16	25-27	23¾-24¾	15 1/16-15 5/16	6⅞-7⅛
Three months	12½-12⅝	17⅝-17¾	18⅞-19¼	11⅝-11⅞	9 7/16-9 11/16	12 1/16-12 5/16	23½-25½	24¼-25¼	16 1/16-16 5/16	7⅜-7⅝
Six months	12⅞-13	17 9/16-17 11/16	18¼-18⅝	11⅝-11⅞	9⅞-10	12⅜-12½	20⅛-22⅛	24¼-25¼	16⅛-16⅝	7¾-8
One Year	13⅜-13⅝	16¼-16½	17¼-17⅝	11⅝-11⅞	9-9⅛	12⅜-12⅝	18½-20½	23¼-24¼	15½-16	8⅛-8⅜

SDR linked deposits: one-month 15⅞-16 per cent; three-months 15 9/16-15 11/16 per cent; six-months 15-15⅛ per cent; one-year 14⅜-14⅝ per cent.

ECU linked deposits: one-month 16-16⅛ per cent; three-months 15 11/16-16 1/16 per cent; six-months 15 9/16-15 11/16 per cent; one-year 14⅞-15⅛ per cent.

Asian $ (closing rates in Singapore): one-month 18 9/16-18 11/16 per cent; three-months 17⅝-17⅞ per cent; six-months 17¼-17⅜ per cent; one-year 16⅜-16½ per cent. Long-term Eurodollar two-years 15⅞-16⅛ per cent; three-years 15¾-16 per cent; four-years 15⅝-15⅞ per cent; five-years 15⅜-15⅝ per cent; nominal closing rates. *Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.*

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.50-17.60 per cent; three-months 17.10-17.20 per cent; six-months 16.45-16.55 per cent; one-year 15.95-16.05 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates firm

Belgian short term Treasury bill rates were increased by the Belgian National Bank in Brussels yesterday, ending a series of downward adjustments *in recent weeks.* In the middle of June rates were cut four times over a seven-day period, reflecting an easing in domestic money rates and reduced pressure on the Belgian franc. Just recently, however, the D-mark has shown signs of recovery and *this has led to* renewed pressure on the Belgian unit which was trading close to its floor level against the D-mark yesterday within the European Monetary System. Consequently three-month Treasury bills rose to 15 per cent from 14.75 per cent and while one- and two-month rates remained at 14.50 per cent and 14.75 per cent respectively, the four-month bond fund rate rose to 15.25 per cent from 15 per cent.

In *Frankfurt* call money remained at 12 per cent with longer term rates up to one year also unchanged.

In Paris call money was quoted at 19 per cent having been cut from a record 20 per cent on Monday. Period rates *continued* to fall. One-month money fell to 18.125 per cent from 18.625 per cent and the six-month rate was lower at 16.75 per cent compared with 17.375 per cent. The Bank of France lowered French banks' reserve requirements later in the day, intended to inject some FFr 20bn into the banking system.

MONEY RATES

NEW YORK	
Prime Rate	20
Fed. Fund	18¾-18⅞
Treasury Bills (13-week)	14.12
Treasury Bills (26-week)	13.72
GERMANY	
Special Lombard	12.00
Overnight Rate	12.00
One month	12.70
Three months	13.00
Six months	13.00
FRANCE	
Intervention Rate	22
Overnight Rate	19
One month	18.125
Three months	18.125
Six months	16.75
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.3125
Bill Discount (three-month)	7.53125

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

The Bank of England gave moderate assistance to the discount market yesterday to relieve a shortage of funds although early forecasts pointed more towards a flat day. The authorities bought small amounts of Treasury bills, local authority bills and eligible bank bills, totalling moderate, all direct from discount houses. The market was faced with a small amount of bank bills maturing in official hands offset by banks bringing forward balances, a small way above target. Discount houses were paying up to 12 per cent for secured call loans but rates eased to as low as 6 per cent later in the day.

In the interbank market overnight loans opened at 11½-11¾ per cent and eased to 11¼ per cent before touching a high of 20 per cent during the afternoon. *However, later* balances were taken as low as 6 per cent.

GOLD

Further fall

GOLD FELL $2½ to close at $426-$428 in the London bullion market yesterday. The metal *opened at $423-$424½, and fell to* a low of $418-$421. It was fixed at $421.50 in the morning and $426.00 in the afternoon. It finished at the lowest level since December 1979.

In Paris the 12½ kilo gold bar was fixed at FFr 88,500 per kilo ($481.54 per ounce) in the afternoon, compared with FFr 89,500 ($489.23) in the morning, and FFr 90,000 ($491.37) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,590 ($424.04), against DM 33,125 ($433.00) previously, and finished at $425-$427, compared with $428-$430.

In Luxembourg the 12½ kilo bar was fixed at LFr 550.60 per kilo ($422.75 per ounce).

In Zurich gold closed at $425-$428, against $428-$431.

	June 30		June 29	
Gold Bullion (fine ounce)				
Close	$426-428	(£221-222)	$442½-445½	(£226½-228)
Opening	$423-424½	(£217¼-218)	$444-447	(£228¾-230½)
Morning fixing	$421.50	(£216.554)	$445.75	(£228.502)
Afternoon fixing	$426	(£219.249)	$442	(£226.725)
Gold Coins				
Krugerrand	$440-441	(£228-228½)	$443-444	(£227¾-228¼)
1/2 Krugerrand	$225-228	(£116½-118)	$228½-229½	(£117½-118)
1/4 Krugerrand	$115½-117½	(£60-60¾)	$116½-117½	(£60-60½)
1/10 Krugerrand	$47¼-48¼	(£24½-25)	$47½-48½	(£24½-25)
Mapleleaf	$429-432	(£222¼-223¾)	$433-436	(£222¾-224¼)
New Sovereigns	$107-107¾	(£55½-56)	$107½-108¼	(£55¼-55¾)
King Sovereigns	$111-113	(£57½-58½)	$116-118	(£59½-60½)
Victoria Sovs	$111-113	(£57½-58½)	$116-118	(£59½-60½)
French 20s	$112-118	(£58-61)	$113-118	(£58-60¾)
50 pesos Mexico	$529-533	(£274-276)	$531-535	(£273-275)
100 Cor. Austria	$415-418	(£215-216½)	$417-420	(£214½-216)
$20 Eagles	$550-555	(£285-287½)	$562-567	(£289-291½)

LONDON MONEY RATES

June 30 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	6-20	13-14	—	—	11¾-12¼	6-12	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-12⅛	12	—	12¼	12-12⅛	11-11¼	—	—	—
One month	12-11⅞	11⅞-12⅛	11⅞	13-12⅝	12¼	12¼	11⅛	11⅛	11 15/16-11⅝	12⅛
Two months	12 3/16-12 1/16	12¼-12 3/16	—	13-12⅝	12½	12½	11¾	11¾	11 13/16-11 11/16	12⅜
Three months	12 5/16-12 3/16	12 5/16-12¼	12⅝	13-12⅝	13	12⅞	12	11 9/16	11 15/16-12	12 7/16
Six months	12¾-12 9/16	12 13/16-13	13	12⅞-13⅛	13¼	13¼	—	—	12 3/16	12 9/16
Nine months	13-12⅞	13-13⅛	—	13⅛-13⅛	13⅜	13⅜	—	—	—	—
One year	13⅛-13	13⅛-13⅜	13⅝	13⅛-13⅛	13½	13½	—	—	—	—
Two years	—	—	14⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 13⅞ per cent; four-years 13⅞ per cent; five-years 14⅛ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 3/16 per cent; four-months trade bills 12 7/16 per cent.

Approximate selling rate for one-month Treasury bills 11⅛ per cent; two-months 11⅝ per cent; three-months 11 25/32 per cent. Approximate selling rate for one-month bank bills 11⅞-11½ per cent; two-months 11 13/16 per cent; three-months 11⅞ per cent; one-month trade bills 11⅞ per cent; two-months 12⅛ per cent and three-months 12 3/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.8780 per cent.

Wall St easier at mid-session

A FURTHER decline occurred on Wall Street yesterday morning in another moderate trade, as investors continued to be uncertain about the future trend in interest rates.

The Dow Jones Industrial Average, which lost 8.28 on Monday, was 2.85 easier at 981.74 at 1 pm. The NYSE All Common Index shed 16 cents more to $76.42, while declines held an eight-to-five lead over advances. Turnover came to 28.27m shares, slightly exceeding the previous day's 1 pm level of 27.94m.

Analysts said the report of a larger-than-expected 1.8 per cent decline in leading economic indicators for May was largely ignored, although they noted it provides further evidence that the economy is slowing, and might permit the Federal Reserve to ease its monetary policy.

Texasgulf, which soared 11 points on Monday after receiving an acquisition offer from Elf-Aquitaine, slipped ¾ to $47¾ in active trading.

Conoco, also active, rose $1 to $66⅞. Last week, Seagram said it plans to acquire 41 per cent of Conoco.

Volume leader Northeast Utilities eased ⅛ to $8⅝. Among other actives, Sony lost ⅞ to $20¼ and Alcan Aluminium 1⅛ to $28⅜, but Cities Service gained 1⅛ to $51⅞. Ponderosa System was off 1⅛ to $16⅞.

Litton Industries added $⅛ at $64⅛. A jury awarded a Litton subsidiary $92.3m in an anti-trust suit against American Telephone, which would be tripled under Federal law.

THE AMERICAN SE Market Value Index was a slight 0.05 harder at 373.50 at 1 pm. Volume 2.85m shares (3.04m).

Canada

Markets remained in easier mood in active early dealings, the Toronto Composite index slipping a further 5.0 to 2,356.4 at midday. Golds lost 21.9 to 3,547.0 and Metals and Minerals 32.8 to 2,363.7, but Oil and Gas recovered 16.8 to 5,080.4.

Tokyo

Despite caution over the rapid market rise in recent sessions, share prices closed with a firmer bias after a reasonable turnover.

The Nikkei-Dow Jones Average improved 15.69 more to set another record high of 7,867.42, while gains led declines on the First Market section by 336 to 304 after volume of 360m shares (330m).

The market started out briskly, but then eased a little as investors became cautious over high prices. However, it regained upward momentum in the afternoon partly on the strength of buying of Communications stocks such as Fujitsu and Film Makers like Fuji Photo Film.

Shipbuildings and Heavy Electric Machines also gained ground on light buying, with Mitsui Shipbuilding rising Y9 to Y231, Kawasaki Heavy Y10 to Y230, Hitachi Y8 to Y697 and Toshiba Y4 to Y409.

Selective bargain hunting boosted Non-ferrous Metals, Synthetic Fibres, Shipings and some of the lower-priced Light Electricals, but recently strong High-priced Light Electricals, Machine Tools, Industrial Robot Makers and Video Cassette Recorder Manufacturers fell on profit-taking.

Okuma Machinery lost Y48 to Y860, Toshiba Machine Y23 to Y702, Hitachi Seiki Y36 to Y569 and Sony Y100 to Y4,830.

Securities companies, Insurances, Real Estates and Cements were bought selectively as they were left behind in the recent upsurge of the market, but Motors, Trading Houses and Oils declined.

Hong Kong

After the recent good recovery, the market wavered yesterday and closed mixed to easier as it neared the top end of its current trading range. The Hang Seng index, which had picked up 57 points in the past two business days, shed 5.58 to 1,734.3. Turnover was relatively moderate, decreasing to HK$497.28m on the four stock exchanges from Monday's total of HK$630.45m.

The retreating gold market helped to drag the stock market back as many investors received margin calls on their gold accounts. But many brokers added that in the absence of any trend developing in U.S. interest rates, the market will continue to trade in its current tight index range of roughly between the 1,650 and 1,750 levels.

Swire Properties again featured, falling HK$1 to HK$15.50, after advancing HK$1.10 on Monday. The company was widely expected to capture the bidding for a massive residential complex to be constructed over a new station on the Hong Kong subway line. However, it was reported late on Monday that the bid was won by a consortium led by Hang Lung Development. One analyst called the loss a significant blow to the long-term prospects of Swire Properties, since the contract was the largest in Hong Kong history, reported to be just under HK$8bn.

Paris

The market remained firmer-inclined in fairly quiet trading as hopes of lower interest rates encouraged buyers.

Traders said there had been rumours on the Exchange floor that a reduction in French banks' reserve requirements will be announced shortly. Investors were also encouraged by the fact that the Call Money rate remained pegged at 19 per cent, after having been reduced from 20 per cent on Monday.

Market observers said it would appear that funds currently being paid out to investors in the form of dividends are being re-invested in the market.

Gains outnumbered falls by 122 to 63 in the French section. Among foreign issues, however, declines led rises by 45 to 10.

Portfolios, Constructions and Textiles were strongly favoured, but Rubbers, Engineerings, Metals and Chemicals mostly lost ground.

Germany

Bourse prices were generally in firmer vein, the Commerzbank index gaining 3.9 to 739.0.

Foreign investors returned to the market, expressing considerable interest in Daimler, Electricals concern Siemens and also some Insurances.

Daimler advanced DM 7.50 and Siemens DM 1.80, while among a strong Machine Manufacturers section, GHH climbed DM 3.60, Linde DM 6 and Deutsche Babcock DM 3.50.

Australia

Gold stocks fell on the sharply lower Bullion price. However, the rest of the market was no worse than mixed, with late bargain hunting as the 1980-81 Financial Year ended yesterday boosting some stocks recently weakened by tax-loss selling.

The Oil and Gas sector accounted for some of the larger rises and closed firmer for choice overall.

Woodside rose 4 cents to A$2.12 after announcing the resumption of its North West Shelf drilling programme. Pan Pacific put on 8 cents to 41 cents after announcing a 10-well programme to prove encouraging gas finds in Western Australia's Carnavon Basin.

Johannesburg

Gold shares continued to shadow Bullion price movements, picking up on short-covering purchases following a fresh early fall to end mixed on balance.

East Drie lost R2.75 at R26.25, but President Steyn recouped 75 cents at R30.50 and F. S. Geduld R1 at R37. One dealer reported significant later demand for Doornfontein, which recovered from a day's low of R16.30 to end at R17.75.

Platinum shares advanced, with Impala gaining 40 cents to R8.05. The buying was believed to have come from the U.S.

Closing prices for North America were not available for this edition.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

SOUTH AFRICA

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

BRAZIL

COMMODITIES AND AGRICULTURE

Australian wool 'floor' prices increased

MELBOURNE — Higher "floor" prices for all wool types in the 1981-82 selling season were announced by David Asimus, chairman of the Australian Wool Corporation.

The increases over 1980-81 range from 1.1 per cent to 16 per cent. The larger rises for middle micrometre ranges and merino cardings reflect long-term expectation of continued strong demand for these types, he said.

This month the Australian Government announced that the whole clip average "floor" price had been raised 12.3 per cent by the Primary Industry Minister, Mr Peter Nixon, to 410 cents a kilo clean from 365 in the season just ended.

Mr Nixon said the higher floor was justified by prices sustained in the market in the 1980-81 season and by a generally optimistic outlook for the apparel-wool market.

He said the new floor price, the level at which the AWC buys-in at auction, will assist increased confidence in the trade, particularly among the many wool-growers who had suffered from the effects of the prolonged drought.

The wool-selling season is currently in its recess. Sales are expected to resume in late August or early September. Reuter

Ethyl alcohol for export

By Rik Turner in Sao Paulo

BRAZIL WILL export ethyl alcohol following the lifting of suspension on such operations by the Institute of Sugar and Alcohol (IAA) according to institute president Sr Hugo de Almeida.

The minimum price required by the IAA will be $67 to $68 per barrel. Sr de Almeida did not specify how much of total production (estimated at 4.3bn litres this year) will be put up for export, but traders expect a figure of some 300m litres, which would generate export earnings of around $135m at current prices.

Alcohol exports were suspended last year as a result of the Iran/Iraq conflict, which had created a sudden increase in demand for alcohol driven cars, being produced in Brazil as part of a programme of petrol substitution.

Search for lamb deal

BY LARRY KLINGER IN LUXEMBOURG

EEC Agriculture Ministers were last night working towards a compromise that could resolve the Anglo-French quarrel over lamb exports ahead of Britain taking over the presidency of the Council of Ministers today.

Last night's Farm Council was called at short notice to meet on the fringes of the European summit meeting here. On the council's table was a set of European Commission proposals accepted in part by all sides.

However, against French opposition, Britain was insisting on transition arrangements for UK farmers who could be hit by the proposed changes in their guaranteed price system.

The dispute has clouded Anglo-French relations for the past two months. It involves the so-called clawback mechanism which ensures that Britain's special marketing arrangements do not act as a subsidy on sales to other EEC countries.

Since its introduction with the new EEC sheepmeat regime last autumn, British exports to the Continent have slumped to less than half previous levels.

The compromise proposals call for a temporary reduction in UK guaranteed prices that could then be incorporated in next year's annual EEC price-fixing, while providing for a special payment to compensate farmers for any interim harmful effects.

Last night the French were still opposing the special payment as favouring the British farmer outside the original spirit of the common marketing regime.

The dispute was once thought to be only a technical issue, one that could be resolved behind the scenes. It has become, however, a matter of principle, to Britain, France and the Commission.

Mr Peter Walker, the UK Agriculture Minister, has blocked a range of earlier Council decisions until the lamb dispute is settled. The most important of these is the EEC sugar-marketing scheme due to come into effect today.

EEC dithers on cocoa pact

BY BRIJ KHINDARIA IN GENEVA

LAST-MINUTE hesitation by the Common Market to endorse the proposed international Cocoa Agreement, because of the absence of the Ivory Coast, the world's largest producer, brought a 31-country conference here to the brink of breaking down.

Producer-countries, other than Ivory Coast, are trying to force the Common Market to say clearly whether it is for or against the proposed agreement.

So far the Community has said it wants more time to reach a decision. It added, however, that an agreement without both the Ivory Coast and the U.S. would not be a credible one.

The producers want a decision under which the agreement would enter into force on August 1. A meeting of the agreement's governing Cocoa Council would then be called to decide how the price-support mechanism would actually work. Conceivably the Council could decide temporarily not to apply the agreement's economic provisions, including collection of a buffer stock, if the Common Market had still not made up its mind.

West Germany seems to be the main stumbling block within the Community. It told its partners it does not wish to enter an agreement under which it would be paying to collect a buffer stock to raise the world cocoa price from which the Ivory Coast would benefit without sharing the costs and responsibilities of the agreement's membership.

Our Commodities Staff writes: London cocoa futures fell the permissible limit down of £40 in early trading, following a Reuter report that the EEC would not support immediate implementation of the agreement. However, the market subsequently regained much of the losses when it became clear that no definite decision had been reached.

September futures finally closed £11 down on the previous day, at £853.5 a tonne, but well above the low of £815 reached earlier in the day.

Doubts over silver stockpile sales

BY NANCY DUNNE IN WASHINGTON

LEGISLATION to sell silver from the U.S. strategic stockpile is on its way in Congress to a House-Senate conference committee where passage in some form is virtually certain.

However, laws on the books and provisions in the House Bill may make it difficult for the sales actually to take place.

As it stands, the Senate has agreed to the sale of 139.5m troy ounces of silver. The transaction, however, must still go through an authorisation process. This may take place in mid-July.

The House has agreed to, and authorised the sale of, 105m ounces between 1982 and 1984. One provision of the measure, however, may limit the amount of silver actually sold. Because there is great opposition to the sale among many House-members, who only supported the measure to balance the Budget, the House has agreed that 46.5m ounces to be sold in 1982 must be sold that year or returned to the stockpile. The same applies to the 44.7m ounces to be sold in 1983 and the 13.9m ounces to be sold in 1984.

Under existing law no sales can be made from the stockpile if the market is disrupted. It is not inconceivable that opponents of the sale would go to court to claim market disruptions.

Serving as a precedent for such a development is a case coming up in the Federal Court on July 10. The Associated Metals and Minerals Corporation will try to stop the current stockpile sales of tin

Our Commodities Staff writes: Silver and platinum prices touched new 21-month-old lows on the London markets following in the wake of gold. But they then followed the rally upwards in gold as a result of some bargain-hunting buying by speculators who felt the markets were somewhat oversold.

Base-metal prices were generally boosted by the weakness of sterling against the dollar. Cash tin gained £117.5 to £6,480 a tonne but eased in later trading. Lead, too, remained firm, with the cash price rising by £6 to £376.5 a tonne.

U.S. backs coffee pact export cut

By Our Commodities Staff

THE U.S. is in favour of a further 1.4m bags (60 kilos each) being cut from the 1980-81 world coffee export quota in an effort to halt the recent heavy price decline on the world market.

But it will only support this move, which would reduce the July-September quota to 10.6m bags, if provisions could be agreed for the cut to be restored if prices rise, U.S. delegates at an International Coffee Organisation meeting in London said yesterday.

The ICO Board is expected to agree on restoration if the 20-day average price, which stands at about 98 cents a pound, is maintained above 115 cents for a substantial period or rises above 120 cents.

Producers and consumers have been meeting separately in London this week to discuss the situation. Both sides will be represented at the board meeting starting today, at which serious talks on a quota cut will begin.

Most delegates believe a cut is almost certain and this played a significant part in yesterday's sharp rise on the London coffee futures market. The September position ended the day £28 up at £765.5 a tonne.

Rubber demand rise forecast

By Our Commodities Staff

CONSUMPTION OF natural and synthetic rubber this year is forecast to rise by 150,000 to 12,550,000 tonnes, marginally above projected production, according to estimates by the International Rubber Study Group.

It predicts that natural rubber production will rise to 3,850,000 tonnes from 3,825,000 tonnes in 1980, whilst demand would go up by 75,000 to 3,875,000 tonnes. A similar pattern is forecast for synthetic rubber.

Colorado beetle find

A COLORADO BEETLE has been found in an agricultural warehouse at Ashley, near Dover. The Ministry of Agriculture has been called in to investigate. The beetle was found on Monday night among Spanish onions bought on Friday at London's Covent Garden market.

India's Punjab granary faces crisis of success

BY MICHELLE MISQUITTA AND KEVIN RAFFERTY IN CHANDIGARH

THE PUNJAB, India's most prosperous agricultural state and home of the "green revolution," is facing crisis. In some ways, unlike in other Indian states, it is a crisis of success. However, it is bringing ocial and economsic upheaval and poing big problems for policy-makers and farmers.

The farmers are clearly more prosperous and have a wider outlook on life. Prosperity has spawned hosts of agro-industries and the roadsides are littered with tractor repairshops, motor—and metal—workshops as well as consumer goods shops.

This is the first problem of success, that it has brought other jobs to the Punjab and made farm labour expensive.

However, the shortage of Punjabi labour is the most easily solved of the farmers' problems because cheap labour can be imported from Bihar and Uttar Pradesh.

An allied problem is that the soms of farmers are also leaving the land to go into business, to join the Army, or to go abroad. To an extent this is a good thing as it reduces the pressures to divide land into even smaller holdings.

One reason they are leaving the farms is to make more money, mainly from business. The other side of the coin, however, is that farming is less profitable. Farmers all complained that higher costs of oil and fertilisers had squeezed their profits.

Although the Government and academic economists in Delhi say the official procurement prices should give them a good income, the farmers say that their tractors cost more, labour is more expensive, that fuel costs more, if they can get it, and the procurement price for their grain has not kept pace.

Farmers do not have to pay income tax and from time to time the State government remits other taxes in frank pursuit of the far mvote. A consensus is that a farmer might gross R520,000 from ten acres, which is larger than the average farm. Of this, up to half might go on paying labour and another large part on fertilisers.

Dr Randhawa, one of the green revolution, now farming in retirement in the Punjab while writing the definitive history of Indian agriculture, says the green revolution depends on plentiful energy. "It would be difficult to set the clock back," he says. "Bullocks cannot turn the land round as fast as tractors and would not allow the multiple cropping that is essential if the Punjab is to continue to be the granary of India. Nor could bullocks provide enough fertiliser."

But something will have to be done to lift Punjab agriculture again.

A constant complaint of the farmers is that Government agents work with the middlemen to make sure the market price of wheat, the principal grain, is kept as close to the official procurement price as possible, or below it if the grain is not of top quality.

Another grumble of the past few years of power cuts was that the Government was not organising supplies of fuel efficiently such that crops were damaged.

However, the biggest step forward would be if the farmers would diversify from purely grain crops.

The profits from new forms of farming are richer than from the grain crops but so are the risks. An unseasonal change of weather can kill a budding fruit crop in days.

The obvious questions would be whether the Government would be prepared to consider capitalists farming, or at least take another look at the size of landholdings, and whether the farmers would be prepared to pay taxes in return for the encouragement, through, say, bigger bank loans, of taking the risks and making more money.

The question of size of landholdings and capitalist farming is relevant to the Punjab because one of the profitable—and strictly illegal—investments that some Punjabi farmers are making is in land in neighbouring states. In some cases farmers are buying whole villages of land, which is potentially more fertile than their Punjab farms, at a tenth of the price.

Intervention stock barley to make up shortage

BY OUR COMMODITIES STAFF

BARLEY FROM Britain's 238,418 tonnes intervention stock is to be offered to make up a shortage on the domestic market, the Home-Grown Cereals Authority said yesterday.

The Authority said the Intervention Board would release 37,000 tonnes of barley for sale on the home market. The authority will arrange for sales by tender on July 7, 14 and 21.

The minimum price will be about £108 a tonne, the lowest allowable under EEC regulations but still slightly above local market prices.

In Brussels meanwhile the European Common Market Grain Traders' Association (Coceral) stepped up its campaign for the EEC Commission to introduce compulsory intervention for bread-making wheat in the 1981-82 season, Repter reports.

Coceral has sent letters to M Gaston Thorn, the Commission's President, and to the current Farm Council chairman, Gerrit Braks of the Netherlands. The asssociation urges the Commission to give assurances of intervention before the marketing year begins in August.

The letters argue that it is essential that general support measures are announced well in advance of the campaign, to ensure an orderly market.

U.S. plea for tobacco quotas

By Nancy Dunne in Washington

THE Reagan Administration, which has talked long and loud about free trade, has now moved to request that quotas be established on foreign flue-cured tobacco.

Mr Hoke Leggett, associate administrator of the Agriculture Stabilisation and Conservation Service, testified before the International Trade Commission last week that without quotas, the U.S. tobacco price support programme could suffer multi-million dollars losses.

The Commodity Credit Corporation, he said, is having difficulty selling its large holdings of low grade tobacco because cigarette manufacturers can buy the same grade more cheaply abroad.

BRITISH COMMODITY MARKETS

BASE METALS

Base metal prices were mostly stronger on the London Metal Exchange helped by the weakness of sterling against the dollar. Copper closed at £881.50 after a low of £873.50, and tin was finally £6,550 after a lively day which saw the price touch £6,630 at one point. Lead remained a firm market, trading within a narrow range and finishing at £378, while nickel moved up to £3,225. Zinc and aluminium were both weaker, closing at £425.5 and £625.5 respectively.

Amalgamated Metal Trading reported that in the morning copper three-month wirebars traded at £876, 76.5, 77, 76, 75, 74, 74.5, 75, 74.5, 74, 73.5. Cathodes: Three months £863.5. Kerb: Wirebars: Three months £873.5, 74, 74.5, 74. Afternoon: Wirebars: Three months £878, 78.5, 79, 80, 80.5, 81, 81.5, 82. Cathodes: Three months £872.5. Kerb: Wirebars: Three months £881, 81.5, 82. Turnover: 20,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	848-.5	-8.75	856-7	+1.75
3 months	873-.5	—9	881.5-2	+1.5
Settlem't	848.5	—9	—	......
Cathodes				
Cash	840.5-1.5	-5.25	850-1	+2.75
3 months	863.5-4	—9	872.5-3	+2.5
Settlem't	841.5	—9	—	......
U.S. Prod.			*83.5-7	......

Tin—Morning: Standard: Cash £6,370; three months £6,470, 75, 80, 85, 90, 95, 6,500, 05, 10, 05. Kerb: Standard: Three months £6,500. Afternoon: Standard: Three months £6,620, 30, 40, 70, 90, 6,600, 10, 20, 30, 25, 20, 15, 6,600, 6,590, 95, 90, 88, 85, 90, 6,600. Kerb: Standard: Three months £6,590, 80, 70, 60, 70, 65, 60, 50. Turnover: 1,135 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6365-70	—2.5	6460-500	+117
3 months	6500-5	+5	6600-05	+107
Settlem't	6370	—5	—	......
Standard				
Cash	6365-70	......	6460-500	+617
3 months	6500-5	+5	6600-5	+107
Settlem't	6370	......	—	......
Straits E.	£628.85	......		......
New York	—	...		

Lead—Morning: Cash £370, 69; three months £371, 72, 71, 70, 71, 71.5, 72, 70, 69. Kerb: Three months £372. Afternoon: Three months £373, 73.5, 77, 78, 80, 81, 80, 79, 79.5, 80, 79, 79.5, 78.5, 79, 78. Karb: Three months £377.5, 77, 76, 76.5, 77.5, 78, 78.5. Turnover: 16,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	368.5-9	—1.5	376-7	+6
3 months	372-.5	—1	378-9	+5
S'ment	369	—1.5		......
U.S. Spot		......	*38	......

Zinc—Morning: Three months £423, 21, 22, 21, 20, 19, 18, 18.5, 19, 20. Kerb: Three months £420, 22, 23, 22.5. Afternoon: Three months £424, 24.5, 25, 27, 28, 29, 30, 29, 28. Kerb: Three months £428, 27.5, 27, 26, 25, 24, 25. Turnover: 14,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	413.5-4.5	-8.87	421-2	+1.5
3 months	420.5-1	—8.5	427-8	+.75
S'ment	414.5	—9.5	—	......
Primw'ts		......	*46.5	......

Aluminium—Morning: Cash £600; three months £624, 25, 22.5, 22, 21.5, 21. Kerb: All carries. Afternoon: Three months £623.5, 24, 28. Kerb: Three months £626.5, 26. Turnover: 4,025 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	600-.5	—.5	605.5-6.5	+2.5
3 months	621-.5	+.5	626-.5	+2.5

Nickel—Morning: Three months £3,205. Afternoon: Three months 3,210, 05, 20, 30. Kerb: Three months 3,220. Turnover: 978 tonnes.

NICKEL	a.m. Official	+ or —	p.m Unoffic'l	+ or —
Spot	3155-65	+27.5	3190-200	+12.5
3 months	3200-5	—11	3230-5	+22

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 12.15p an ounce lower for spot delivery in the London bullion market yesterday at 428.5p. U.S. cent equivalents of the fixing levels were: spot 830c, down 28.6c; three-month 865.9c, down 30.6c; six-month 902.3c, down 31.3c; and 12-month 970.3c, down 36.2c. The metal opened at 434-439p (845-855c) and closed at 448-454p (865-875c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	428.50p	-12.1	450.0p	+4.0
3 months	441.20p	-12.8	462.75p	+3.25
6 months	455.80p	-15.0	—	......
12 months	486.50p	-15.5	—	......

LME—Turnover: 175 (257) lots of 10,000 ozs. Morning: Three months 438, 37, 36.5, 37, 36, 35.5, 36. Kerb: Three months 438, 39, 40, 41, 41.5, 41. Afternoon: Three months 460, 61, 62, 63.5, 64, 62, 62.5. Kerb: Three months 463, 64, 63, 62.

COCOA

Futures initially eased sharply and traded limit down. Widespread liquidation of long positions followed the EEC decision to defer signature of the cocoa agreement. Fresh trade and commission house support, reflecting the uncertainty over the UNCTAD meting, pared the losses, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	822-824	—87.0	855-790
Sept	854-865	—11.0	860-815
Dec	887-888	+14.0	894-853
March	912-913	—12.0	920-888
May	928-930	—10.5	933-900
July	943-944	—12.5	946-920
Sept	958-959	—14.5	968-937

Sales: 3,828 (3,519) lots of 10 tonnes.

ICCO Futures—Daily price for June 29: 78.33 (78.73); five-day average 76.63 (76.65).

COFFEE

In line with a late recovery in New York, Robustas opened higher, but failed to follow through due to profit-taking and commission house selling, reports Drexel Burnham Lambert. The afternoon was steadier. Trade buying, a healthier "C" market and a further collapse in sterling caused a sustained rally although closing call profit-taking pared the gains slightly.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	738-39	+27.5	740-24
Sept	765-66	+28.0	772-43
Nov	757-59	+30.5	764-35
Jan	757-58	+30.0	760-36
March	760-62	+30.5	763-39
May	762-64	+35.0	758
July	764-65	+29.0	—

Sales: 4,057 (3,330) lots of 5 tonnes.

ICO Indicator prices for June 29 (U.S. cents per pound): Comp. Daily ICA 1976 89.50 (89.96); 20-day average 98.39 (99.42).

GAS OIL FUTURES

The market opened firmer before falling off on bearish physical and exchange rate news. Prices rallied on steady U.S. commission-house buying, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	—	—	285.00-85.00
July	285.75	+0.25	287.00-85.00
August	286.75	+2.75	287.00-85.00
September	289.25	+2.50	290.00-88.00
October	292.25	+1.00	292.00-91.60
November	296.25	+1.25	297.00-96.50
December	301.00	+1.25	301.50-00.25
January	304.25	+0.50	304.00-04.00
February	308.25	—0.75	—

Turnover: 844 (813) lots of 100 tonnes.

GRAINS

July wheat dipped due to selling pressure from longs. Some short covering was seen in quiet trading. New crop wheat opened slightly down and saw hedge selling pressure in fairly quiet trading. Barley also eased slightly but held steadier, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	109.85	—1.00	—	....
Sep	99.10	—0.55	94.40	—0.25
Nov	103.00	—0.55	98.35	—0.15
Jan	107.00	—0.50	102.25	—0.15
Mar	110.65	—0.55	105.45	—0.20
May	114.45	—0.45	108.90	—0.15

Business done—Wheat: July 110.85-109.80, Sept 99.45-99.20, Nov 103.50-103.00, Jan 107.40-107.20, Mar 110.90-10.85, May 114.55 one trade. Sales: 112 lots of 100 tonnes. Barley: Sept 94.50-94.35, Nov 98.50-98.35, Jan 102.40-102.20, Mar 105.45 one trade, May 108.90-108.95. Sales: 60 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices: Feed barley: S. East 108.50, S. West 109.00, W. Mids 105.50, N. West 106.60. The UK Monetary Coefficient for the week beginning Monday, July 6 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent July/Aug 106.75 transhipment East Coast. U.S. Hard Winter 13½ per cent July 110.25, Aug 110.75 transhipment East Coast. English Feed fob Sept 103.50 paid South Coast. Oct/Dec 107.25 seller East Coast. Maize: S. African Yellow Aug to first half Sept 89.50. Barley: English Feed fob Aug 96.00 paid South Coast. Rest unquoted.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing uncertain. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 254.0 (252.0) cents a kg and SMR 20 222.5 (same).

No 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
August	59.50-60.60	59.30-59.40	60.50-59.50
Sept	61.40-61.50	60.40-60.50	—
Oct-Dec	63.30-63.40	62.40-62.50	63.40-62.50
Jan-Mar	66.20-66.30	65.40-65.50	66.30-65.40
Apl-Jne	69.10-69.20	68.30-68.40	69.10-68.50
Jly-Sept	72.10-72.20	71.20-71.30	—
Oct-Dec	75.10-75.20	74.30-74.40	75.20-75.10
Jan-Mar	78.20-78.30	77.30-77.40	78.20
Apl-Jne	81.10-81.30	80.30-80.40	81.20

Sales: 133 (120) lots of 15 tonnes, 2 (4) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.25p (58.25p); Aug 61.50p (61.00); Sept 62.00p (61.50p).

SOYABEAN MEAL

The market opened with moderate gains on short-covering and better cash markets, reports T. G. Roddick. Prices remained firm with late stop/loss buying being met with limited offers.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	125.80-26.0	+0.80	125.80-25.80
October	128.50-29.0	+2.75	128.90-28.50
December	135.20-35.0	+2.95	135.40-34.00
February	138.00-38.4	+2.80	—
April	139.50-41.0	+3.00	—
June	139.80-43.0	+2.75	—
August	140.00-45.0	+2.50	—

Sales: 102 (39) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £198.00 (£202.00) a tonne cif June-July-Aug shipments. White sugar daily price £223.00 (£227.00).

The market was again confined within a narrow range in quiet trading conditions. Currency factors were responsible for some improvement in prices late in the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	198.00-98.25	197.75-98.00	198.50-195.0
Oct.	198.90-99.00	199.50-99.75	201.50-196.5
Jan.	199.50-200.0	200.55-00.75	199.50-198.5
March	203.20-03.75	205.50-04.50	204.00-200.0
May	205.25-06.00	205.25-05.50	206.50-203.0
Aug	207.00-08.00	207.50-07.60	208.00
Oct.	208.50-09.00	209.00-08.50	—

Sales: 3,461 (3,678) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £305.5 (£309.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 29: Daily price 15.40 (15.72); 15-day average 15.98 (16.12).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Aug. 390 buyer, 402-401; Oct. 395, 400, 399-398; Dec. 399, 400, 400; Jan. 399, 400, 400-399; March 409, 411, 411-410; May 415, 420, 418; Aug. 428, 429, 429-428; Oct. 428, 429, 429; Dec. 429, 430, 431. Sales: 63.

SYDNEY GREASY WOOL—Close in order: buyer, seller, business). Australian cents per kilo. July 502.5, 503.0, 503.8-502.0; Oct 496.0, 496.5, 496.0-496.0; Dec 503.5, 504.0, 504.5-503.0; March 512.0, 512.8, 514.0-512.0; May 519.0, 519.5, 520.5-518.5; July 526.5, 527.0, 526.8-524.0; Oct 523.5, 524.0, 524.0; Dec 526.0, 526.5, 527.0-526.5. Sales: 326.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 23 tonnes. Users were somewhat apprehensive about the declining price level and avoided forward business. Operations were also hampered by the absence of many prospective customers on holiday. Demand was chiefly in Middle Eastern qualities.

POTATOES

LONDON POTATO FUTURES—Despite sections of market looking for reaction after recent rapid rises, good buying interest pushed prices further ahead closing at highs, reports Coley and Harper. Closing prices: Nov 62.00, +0.7 (high 62.00, low 61.00); Feb 71.90, +1.30 (high 71.90, low 70.60); April 79.00, +1.00 (high 79.00, low 78.00). Turnover: 261 (209) lots of 40 tonnes.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 30. GB—Cattle 92.65p per kg lw (−1.38). UK—Sheep 153.65p per kg est dcw (−5.26). GB—Pigs 74.82p per kg lw (−1.15).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 75.2 to 79.2; Ulster hindquarters 85.0 to 91.0, forequarters 56.0 to 59.0; Eire hindquarters 84.0 to 89.0, forequarters 55.0 to 58.5. Veal: Dutch hinds and ends 126.0 to 132.0. Lamb: English small 68.5 to 73.5, medium 66.0 to 72.0, heavy 64.0 to 70.0; Imported frozen: New Zealand PL 84.0 to 86.0, PM 62.0 to 64.0. Pork: English, under 100 lb 46.0 to 53.0, 100-120 lb 46.0 to 52.0, 120-160 lb 43.0 to 51.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.90, 56 5.70, 72 5.60, 88 5.00, 112 4.85, 138 4.85, 150 4.30; Californian: 88/138 5.00-5.50; Jaffa: (base) Valencia Lates 58/189 4.00-4.80; Moroccan: Lates 48/113 2.50-4.00; Cypriot: Valencia Lates 68/144 3.50-4.00. Lemons—Spania: trays 25/50 1.75-2.40; boxes 60/100 4.60-5.00; Californian: 115/140 4.00-4.50; Italian: 100/120 4.50-4.80; Outspan: 80/195 4.00-5.50; Jaffa: cartons 80/90 3.00-4.00. Grapefruit—Outspan: 40 4.30, 48 4.25, 56 4.00, 64 3.60, 72 3.50; Jaffa: 20 kg 40 3.60-4.25. Apples—S. African: Granny Smith 6.40-6.70, Golden Delicious 6.00-6.80; New Zealand: Granny Smith 6.80, Sturmer Pippins 6.00-6.50, Golden Delicious 4.00-4.80, Red Delicious 7.60-8.00, Delicious 7.00, Red Dougherty 7.50; Tasmanian: Jonathans 4.50-5.00, Granny Smith 5.50, Sturmer Pippins 5.20-6.00, Democrats 7.00, Croftons 7.50-7.80; W. Australian: Granny Smith 6.50; U.S.: Red Delicious 10.00-11.00; French: Golden Delicious 40 lb 125/175 3.60-4.50. Pears—S. African: Comice 7.00-7.50, Packhams 6.00-6.50, Nelis 4.60; Victorian: Packhams 6.00.

English Produce: Potatoes—per 55-lb bag, Kent 3.80-4.40, Pembroke 4.00. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramleys 0.08-0.15. Cauliflowers—per 12, Lincoln 3.00-4.50. Cabbages—per bag, Spring 22 lb 2.60, Primo 20 lb 2.00-3.00. Lettuces—per 12, round 0.80-1.50, Cos 10/12 1.80-2.40. Tomatoes—per 12 lb 2.60-2.80, E 2.40-2.60. Radishes—per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—per tray x 20 bunches, spring, 2.40, 55 lb 40/60mm 4.50-5.00. Celery—per 15/24 3.00-3.40. Cucumbers—per 10/20 1.60-2.00. Goosberries—per 12 lb, per pound 0.15-0.17. Broad beans—per 24 lb 1.60-1.80. Peas—per 20-lb nets 2.00. Carrots—per 28/28 lb 3.00-3.50. Strawberries—per ½ lb 0.20-0.40. Raspberries—per ½ lb 0.20-0.25.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.80-£4.50, codlings £1.50-£3.00; large haddock £3.80-£4.40, medium £2.70-£3.80, small £1.80-£2.80; large plaice £4.90-£5.80, medium £4.70-£5.70, best small £3.50-£4.30; large skinned dogfish £12.00, medium £6.50-£7.50; large lemon soles £7.50, medium £7.00; rockfish £2.40; saithe £1.80-£2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 30 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1180/1180	....	$1270/300
Copper			
Cash w'bar	£856.50	+1.75	£846
3 mths	£881.75	+1.5	£870.25
Cash Cathode	£850.50	+2.75	£840
3 mths	£872.75	+2.5	£860.25
Gold troy oz	$427	—2.5	$476.5
Lead Cash	£376.5	+6	£342.25
3 mths	£378.5	+5	£354.5
Nickel	£3,568.80	....	£3,584.50
Freemkt	275/285c	....	285/300c
Platin'mtr'y oz	£247.0	....	£230
Freemkt	£211.50	+1.55	£224.25
Quicksilver†	$420/425	....	$425/450
Silver troy oz	428.50p	-12.15	514.10p
3 mths	441.20p	-12.85	529.40p
Tin Cash	£6,480	+117.5	£6,157.5
3 mths	£6,602.5	+107.5	£6,257.5
Tungsten 22.04lb	$145.09	....	$143.75
Wolfrm 22.04lb	$148/150	....	$146/148
Zinc Cash	£421.5	+1.5	£414
3 mths	£427.5	+0.75	£422.75
Producers	$925	....	$925
Oils			
Coconut (Phil)	$560v	—5	$565
Groundnut	‡	....	‡
Linseed Crude	£442	....	£442
Palm Malayan	$610z	....	$610
Seeds			
Copra Philip	$560y	....	$590
Soyabean (U.S.)	$262	....	$307.5
Grains			
Barley Fut. Sep	£94.40	—0.2	£95.30
Maize	‡	....	£126.25
Wheat Fut. Sept	£99.10	—0.55	£101.40
No2 Hard Wint	£110.25y	—0.25	£106.50
Other commodities			
Cocoa ship't*	£924	—6	£937
Future Sept	£853.5	—11	£867.5
Coffee F't Sept	£765.5	+28	£904.5
Cotton A.Index	85.75c	—0.3	87.30c
Gas oil July	$285.75	+0.25	$272
Rubber (kilo)	59.25p	+1	58p
Sugar (Raw)	£198	—4	£220
Woolt'ps 64s kl.	370p kilo	....	346p kilo

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 30.

Precious metals retreated as upward pressures on interest rates brought about heavy speculative selling. Coffee made large gains on aggressive covering ahead of official cuts in the ICO quotas. Cocoa was lower on indications that EEC might delay its participation in the International Cocoa Agreement. Cotton prices advanced moderately following a constructive planted acreage report. Grains and soyabeans staged a major short-covering rally following a Government report on 1981 plantings, which were less bearish than anticipated, reported by Heinold.

Copper—July 75.30-75.35 (75.30), Aug 76.60 (76.50), Sept 77.80-77.95, Dec 81.25-81.45, Jan 82.45, March 84.60-84.70, May 86.88, July 89.00, Sept 91.00, Sept 91.00, Dec 94.10, Jan 95.15, March 97.25, May 99.35.

*Gold—July 423.5 (426.8), Aug 428.0-429.5 (432.0), Sept 434.0, Oct 438.0-439.0, Dec 48.0-450.0, Feb 460.3, April 471.1, June 482.0, Aug 492.9, Oct 503.9, Dec 515.0, Feb 527.1, April 538.9.

*Platignum—July 404.8 (403.2), Aug nil (nil), Oct 422.0-423.0, Jan 433.4, April 455.5, July 472.5, Oct 489.8. Sales: 2,245.

Potatoes (round whites)—Nov 69.1-69.3 (69.5), Feb 76.5-76.7 (74.5), March 79.7, April 80.4. Sales: 361.

§Silver—857.0-859.0 (858.0), Aug 867.5 (890.5), Sept 880.0-885.0, Dec 920.0-923.0, Jan 930.0, March 951.0, May 980.0, July 1002.0, Sept 1026.0, Dec 1063.0, Jan 1075.0, March 1099.0, May 1123.0. Handy and Harman bullion spot: 862.00 (857.00).

Sugar—No. 11: July 14.75 (15.42), Sept 15.40-15.45 (15.73), Oct 15.45-15.55, Jan 15.65-15.70, March 16.05, May 16.35-16.40, July 16.50-16.55, Sept 16.75, Oct 16.90-16.95. Sales: 12,470.

Tin—568.00-575.00 (565.00-575.00).

CHICAGO, June 30.

Lard—Chicago loose 20.00 (19.50).

Live Cattle—Aug 66.45-66.20 (67.12), Oct 63.07-63.02 (63.77), Dec 64.00-64.10, Feb 64.80-64.75, April 65.65, June 67.00.

Live Hogs—July 52.40 (53.90), Aug 51.20-51.35 (52.65), Oct 49.05-49.25, Dec 51.25-51.40, Feb 52.75-52.60, April 52.52, June 55.50, July 55.50, Aug 54.50.

‡‡Maize—July 323¼-322½ (321½), Sept 334¼-334½ (333¾), Dec 344-344½, March 357¾-358, May 365¾-366, July 370½-371.

Pork Bellies—July 45.50-45.50 (47.50), Aug 45.75-45.75 (47.75), Feb 62.95-63.05, March 63.15-63.00, May 64.10, July 65.50, Aug 66.20.

†Soyabeans—July 686-687 (678¾), Aug 697½-698½ (691), Sept 710, Nov 730-732, Jan 749-750½, March 772, May 788½, July 803½.

‖Soyabean Meal—July 195.8-196.0 (193.3), Aug 199.5-199.3 (197.2), Sept 202.5, Oct 205.0, Dec 211.3-211.1, Jan 214.5, March 221.5, May 224.0-226.0, July 228.0-228.5, Aug 230.0.

Soyabean Oil—July 21.43-21.38 (21.24), Aug 21.87-21.90 (21.72), Sept 22.30-22.33, Oct 22.65-22.75, Dec 23.40-23.43, Jan 23.80-23.78, March 24.40, May 25.00-25.05, July 25.65-25.70, Aug 25.65-25.75.

†Wheat—July 370-370¼ (365¼), Sept 390-389½ (385½), Dec 418½-418, March 441½-442, May 454, July 463.

WINNIPEG, June 30.

§Barley—July 133.70 (134.00), Oct 130.40 (130.80), Dec 130.90, March 132.80, May 134.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.27 (238.52).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa—July 1499 (1510), Sept 1579 (1590), Dec 1680, March 1742, May 1782, July 1836, Sept 1876. Sales: 2,460.

Coffee—"C" Contract: July 88.10 (85.88), Sept 87.50-88.25 (85.44), Dec 85.00-85.20, March 83.50-83.99, May 83.50, July 83.00-83.99, Sept 84.00-86.00. Sales: 1,695.

Cotton—No. 2: July 83.15-83.20 (83.70), Aug 81.90 (81.90), Oct 77.40-77.45, Dec 78.20-78.30, March 77.57, May 78.70-79.00, July 80.00-80.30, Oct 79.70-80.15, Dec 78.90-79.00. Sales: 3,500.

Heating Oil (cents per U.S. gallon)—July 0.9107 (0.9095), Aug 0.9227 (0.9210), Sept 0.9368, Oct 0.9617, Nov 0.9667, Dec 0.9866, Jan 1.0020, Feb 1.0145, March 1.0250, April 1.0275, May 1.0350, June nil, July 1.0250, Aug 1.0350. Turnover: 3,119.

Orange Juice—July 126.00 (128.00), Sept 129.25-129.80 (129.70), Nov 133.10, Jan 136.60, March 138.20-138.60, May 139.80-140.20, July 141.40-141.60, Sept 143.00-143.50, Nov 143.60-144.25. Sales: 2,600.

CHICAGO, June 29.

Chicago Imm Gold—July 425.9 (440.0), Sept 436.5-437.3 (452.5), Oct 442.1, Dec 452.0-452.5, Jan 457.7, March 469.5, April 473.7, June 483.5, July 489.8.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2425 (2430), Nov 2343 (2945), Jan 2385, March 2418, May 2454.

EUROPEAN MARKETS

ROTTERDAM, June 30.

Wheat (U.S.$ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, July 197, Aug. 201, Sept. 203. U.S. No. 2 Red Winter July 143, Aug. 147. U.S. No. 2 Northern Spring 14 per cent, July-Aug. 189, Sept. 191.

Maize—(U.S.$ per tonne): U.S. No Three Corn Yellow afloat 147, June/July 146, Aug 149, Sept 151, Oct/Nov 153.50, Dec 156.50, Oct/Dec 154.50, Jan/March 163.50.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports spot 275.35, July 275.50, Aug 278.20, Sept 279.75, Oct 285.50, Nov 286.50, Dec 292.75, Jan 298.25, Feb 304, March 308.25, April 314, May 316. Argentine July 267.50, Aug 271 49 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent protein U.S. afloat 236, July 233-235, Aug 237/237.50, July/Sept 237.50, Nov/March 258.50 traded. Brazil Pellets afloat 240, July 238.50-239.25, Aug 240, Sept 248 traded.

PARIS, June 30.

Cocoa—(FFr per 100 kilos): July 880/920, Sept 940/950, Dec 995/1000, Mar 1040 asked, May 1065/1080, July 1075/1100, Sept 1085/1120. Sales at call: nil.

Sugar—(FFr per tonne): Aug 2387/2390, Oct 2310/2315, Nov 2300/2325, Dec 2300/2315, Mar 2365/2375, May 2380/2420, July 2390/2440, Aug 2400/2480. Sales at call: 43.

INDICES

FINANCIAL TIMES

June 29	June 26	Month ago	Year ago
242.96	244.50	254.08	267.45

(Base: July 1, 1952=100).

MOODY'S

June 29	June 26	Month ago	Year ago
1064.5	1075.4	1097.0	1175.9

(December 31, 1931=100)

DOW JONES

Dow Jones	June 29	June 26	Month ago	Year ago
Spot	367.01	371.73	398.58	427.80
Fut'r's	367.59	370.84	396.54	441.58

(Average 1924-25-26=100)

REUTERS

June 30	June 29	M'nth ago	Year ago
1733.7	1735.5	1751.0	1686.1

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Subdued trade leaves equities and Gilts little changed
Banks and Insurances attract speculative buyers

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets held steady to firm with special situations and trading statements providing scattered items of interest. Leading shares moved narrowly and closed little changed on balance while, after Monday's improved showing on hopes of a lead from lower American interest rates, Gilt-edged became subdued and ended with widespread losses of ¼ in the mediums and longs; the shorts gave up early small gains and reverted to overnight list levels. Yesterday's late fall in sterling was an unsettling factor.

Gold shares held up relatively well in the face of further marked weakness in the gold price. The latter, however, picked up to close well above the day's lowest helped by authoritative remarks about a trading base of $450 to $500 an ounce. After having dropped 48.6 over the three previous business days, the Gold Mines index yesterday rallied 4.1 to 266.7.

Speculative interest centred on Banks and Insurances on continuing talk of bid and merger possibilities with activity focused on **Lloyds Bank** and **Eagle Star**. Above-average gains in the subsections took the FT-Actuaries Financial Group index up by 1.4 per cent compared with minimal improvements in the three main indices. Leading Oils lacked interest, but the surprise £17¼m bid from London Merchant Securities for **Cambridge Petroleum** injected some life into secondary oils.

Lack of buying enthusiasm for the industrial leaders showed in the retreat from a 2-point rise in the FT 30-share index at noon to one of 0.5 at 3.00 pm and a closing improvement of 0.9 at 544.8.

London Traded options attracted 1,498 contracts yesterday which comprised 1,315 calls and 183 puts. Among the more active counters, **BP** recorded a total of 242 deals.

Lloyds Bank wanted

Dealings began in **United Computer and Technology**, issued to holders of Automated Security and Rights Issue Investment Trust via an offer by subscription at 100p a share, and the nil-paid shares closed at 3p premium.

Recent comment about bid and merger possibilities continued to enliven Bank shares with interest centred chiefly on **Lloyds** which were traded up to 407p before closing a net 13 up at 405p. Other leading clearers also closed a couple of pence below the best but with gains ranging from 6 to 10. **Bank of Scotland** put on 8 more to 418p and **Royal Bank of Scotland**, the subject of rival bids which prompted the speculation elsewhere, rose 6 more to 196p. *Pending news of the bid approaches,* **Arbuthnot Latham** featured with a rise to 355p before a close of 350p, up 10; other Merchant Banks attracted little business, but **Kleinwort Benson** and **Mercury Securities** gained 5 to 270p and 8 to 222p respectively.

Widespread gains in Insurances were featured by a jump of 17 to a fresh peak of 315p in **Eagle Star**, in which Allianz Versicherungs recently acquired a 28 per cent stake at around 290p. **Sun Alliance** were also prominent at 904p, up 12.

Breweries made a quietly firm showing. **Allied** improving 1½ to 74½p and **Scottish and Newcastle** closing a shade dearer at 66½p, the latter in front of tomorrow's preliminary statement.

A little more interest developed in the Building sector than of late. **Geo. Wimpey** attracted buyers and improved 5½ to 114½p, while **Higgs and Hill**, reflecting a broker's favourable circular, firmed 3 to 123p. **Bryant Holdings** encountered sporadic demand and put on 4 to 74p along with **A. Monk**, up 4½ at 52p, the reuslts of the last-named annual are due shortly. Dealings in **Richards and Wallington** were suspended at 20p; it was announced later that the company had asked its bankers to appoint a receiver.

Mail orders dull

Mail Order shares encountered renewed selling following the recent imposition of increased bank charges, **Grattan** falling 8 to 84p, **Empire Stores** 6 to 96p and **Freemans** 4 to 106p. Elsewhere in the Stores sector, **Currys** came on offer at 211p, down 9, along with **Milletts Leisure**, 5 cheaper at 147p. **Court (Furnishers)**, however, hardened 2 to 78p on the second-half recovery and statement on current trading.

Early firmness in the Electrical leaders failed to hold and **GEC** settled unaltered at 730p after a 1981 peak of 735p; the preliminary statement is due tomorrow. **Plessey** similarly made a year's high of 339p before closing a penny off on balance at 334p, but **Thorn** managed a gain of 4 at 400p. **Electronic Rentals** were supported at 119p, up 5, while **Muirhead**, 107p, and **BICC**, 260p, achieved similar gains. Against the trend, **First Castle** reacted 5 to 120p following news of the 1.7m share placing by Connor Finance, controlled by the family interests of First Castle's chairman, Mr L. J. Connor. **John Hadland** continued its erratic behaviour since last week's interim loss announcement and ended 10 down at 160p.

Leading Engineers were rarely altered after a slow trade, while movements in secondary stocks were usually limited to a few pence either way. **Brown and Tawse** firmed 5 more to 122p following comment on the preliminary results and **Matthew Hall** gained 4 to 196p after the annual report.

Investment buyers were again drawn to **United Biscuits**, up 3 more at 126p, and **Associated Biscuit**, 4 better at 76p, while **J. Sainsbury** attracted interest at 424p, up 6, ahead of today's annual meeting. Other Food highlights took in **Avana**, 7 dearer at 300p, and **William Low**, 6 higher at 174p. Finalisation of the sale of GDS Transport to a subsidiary of British Road Services saw **George Bassett** improve 2 to 63p.

Further consideration of the poor annual results left **Brent Walker** 3 down at a year's low of 53p among Hotels.

Metal Box improve

Reflecting the encouraging tenor of the annual statement, **Metal Box** improved 6 to 176p. Elsewhere in the miscellaneous inudustrial leaders, **Reed International**, also following the annual report, gained 4 to 250p. **Bowater** encountered occasional buying and put on 6 to 270p, while gains of a few pence were recorded in **BOC International**, 127p, and **Beecham**, 223p. Among defence stocks, **Smiths Industries** improved 4 more to 392p and **Vinten** edged up 2 further to 290p. Demand in a limited market lifted **Aeronautical and General** 18 to 418p while, still on favourable Press mention, **Hunting Associated** firmed 10 more to 350p. Continued speculative demand left **Letraset** up 4 further at 87p. **Sketchley** closed similarly dearer at 261p following the full report, but **Brengreen** eased 2 to 57½p after the preliminary figures and proposed rights issue, while **Kleen-E-Ze** reacted 5 to 69p on the second-half loss. Awaiting tomorrow's interim results, **Granada A** improved 4 to 252p and **British Aerospace** closed a shade dearer at 235p after news of the multi-million pound anti-ship missile contract. **Polymark**, in cnotrast, weakened 8 to 105p in response to the sharply lower annual profits and **Bath and Portland** reacted 3 to 57p following the annual statement.

Small contrasting features in Leisures included **Intersun**, down 2 at a low for the year of 70p awaiting next Tuesday's figures, and **D. M. Lancaster**, 3 better at 25p. **Hawley**, at 81p, regained most of Monday's loss of 4.

Flight Refuelling, which has completed the acquisition of a U.S. aerospace concern, gained 12 more to 375p, while the nil-paid shares jumped 14 to 117p premium. Apart from **H. and J. Quick** which, at 59p, gave back 5 of Monday's bid-inspired rise of 7, Motor features were scarct.

Although lacking the previous day's enthusiasm, Properties extended Monday's advance. **Land Securities** led the movement to close 4 up at 412p, after 414p. **Hammerson A** moved up 10 to 660p. Elsewhere, **Swire** reacted 8 to 144p on disappointment that the group had failed to win a prestigious development contract. Dealings in **Charles Booth** were suspended at 20p following the bid approach.

Cambridge Pet. bid

A two-way trade in leading Oils made scant impression and interest centred on **Cambridge Petroleum** following the cash offer of 350p per share from London Merchant Securities, which already has a stake in Cambridge; the latter closed 80 up at 360p on the chance that the offer could be improved at a later date. Demand in a thin market lifted **American Oil Systems** 12 to 100p while **IC Gas** rose 8 to 183p and **Marinex** a like amount to 132p. Revived fund-raising fears weighted on **Lasmo** which slipped to 534p prior to closing a net 13 down at 537p.

Recent concern about a pending rights issue faded and **Inchcape** spurted to 430p prior to closing a net 18 higher at 425p. Elsewhere in Overseas Traders, **United City Merchants** remained at 40p; further sizable purchases on behalf of bidders Arab Asian of Bahrain were reported yesterday.

Textiles were rarely altered after an extremely quiet trade. **Textured Jersey**, however, hardened 2 to 125p on the increased dividend and record profits, while **Youghal** gained a penny to 10p following the chairman's report at the annual meeting that losses had been stemmed in the first half and indicated that the company will break even in the full year.

Continued speculative demand lifted **Rothmans** 2 more to 74p in Tobaccos.

Golds rally

After a poor start in line with overnight U.S. prices, gold shares rallied during the day with signs of renewed London buying in specific issues. Gold closed at $427, $2.50 lower, and the Gold Mines index recovered 4.1 to 266.7.

St Helena were outstanding among the leaders with an advance of ⅞ to £15, while **Western Deep Levels**, £16⅜, **Buffels**, £13⅞, and **President Steyn**, £12⅞, all firmed ½.

Among the lower-priced issues, **Doornfontein** shone with a rise of 25 to 733p, while **Unisel** were 17 stronger at 257p.

South African Financials were mixed, with **Amgold** a point better at £39½ and **Gold Fields of South Africa** up ½ to £36. **Johannesburg Consolidated Investment** gave up a point to £32.

In Platinums, **Impala** put on 10 to 335p, while the antimony-producing **Consolidated Murchison** advanced 25 to 240p.

In Tins, **Jantar** put on 8 to 28p following the announcement of good results.

FINANCIAL TIMES STOCK INDICES

	June 30	June 29	June 26	June 25	June 24	June 23	A year ago
Government Secs.	66.04	66.16	65.80	65.96	66.24	66.48	69.05
Fixed Interest	67.77	67.75	67.61	†67.62	67.79	67.82	70.75
Industrial Ord.	544.8	543.9	540.9	544.8	549.4	544.5	461.4
Gold Mines	266.7	262.6	287.2	311.2	320.6	315.0	354.7
Ord. Div. Yield	5.85	5.87	5.89	5.87	5.85	5.90	7.80
Earnings, Yld. %(full)	11.67	11.70	11.75	11.70	11.66	11.75	18.86
P/E Ratio (net) (*)	10.69	10.67	10.62	10.67	10.70	10.61	6.45
Total bargains	18,839	20,163	21,983	19,536	18,258	18,285	28,212
Equity turnover £m.	—	115.38	144.94	136.39	123.70	104.82	115.70
Equity bargains	—	17,115	19,295	17,926	15,351	14,304	18,154

10 am 543.3. 11 am 545.6. Noon 546.1. 1 pm 544.9. 2 pm 544.2. 3 pm 544.4.

Latest Index 01-246 8026.

*Nil = 9.89.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	481.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 29	June 26
—Daily		
Gilt Edged Bargains	147.4	140.7
Equities Bargains	110.9	126.0
Value	233.2	293.0
5-day Avrge.		
Gilt Edged Bargains	139.8	140.3
Equities Bargains	108.8	103.6
Value	252.5	242.1

MONTHLY AVERAGES OF STOCK INDICES

—	June	May	April	March
Financial Times				
Government Securities	62.22	66.99	69.43	69.54
Fixed Interest	67.72	69.07	71.25	71.39
Industrial Ordinary	545.0	567.8	559.2	497.4
Gold Mines	326.2	360.9	350.7	336.2
Total Bargains	19,326	20,684	27,673	26,627
F.T.— Actuaries				
Industrial Group	†296.66	297.84	297.08	269.41
500 Share	332.11	†339.79	337.09	314.59
Financial Group	257.24	252.10	259.67	248.73
All-Share (750)	316.97	321.53	320.72	301.24

	High	Low
Industrial Ordinary	555.6 (4th)	535.8 (12th)
All-Share	320.67 (30th)	312.02 (12th)

† Correction.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (93)

BRITISH FUNDS (1)
AMERICANS (4)
BANKS (9)
BEERS (4)
BUILDINGS (2)
CHEMICALS (2)
DRAPERY & STORES (2)
ELECTRICALS (7)
ENGINEERING (1)
FOODS (9)
HOTELS (1)
INDUSTRIALS (5)
INSURANCE (3)
LEISURE (1)
MOTORS (2)
PAPER (2)
PROPERTY (2)
TEXTILES (1)
TRUSTS (30)
OIL & GAS (3)
MINES (2)

LEISURE (1)
Intasun
NEWSPAPERS (1)
Int. Thomson Conv.
TRUSTS (2)
Akroyd & Smithers — Lon. Merchant 7¼pc Cnv.
OIL & GAS (4)
Cluff Oil — Dorset Resources
Cluff Oil Cnv. A — Tri Basin Resources
OVERSEAS TRADERS (2)
Paterson Zochonis — Paterson Zochonis A
MINES (13)
East Rand Prop. — F S. Saaiplaas
West Rand — Loraine
Bracken — Western Holdings
South African Land — Anglo American
Wit. Nigel — Rand London Part Cum Pref.
Hartebeest — Sabina
Zandpan

NEW LOWS (34)

CANADIANS (2)
Hawker Siddeley Canada — Massey Ferguson
STORES (3)
Empire Stores — Paradise (B.)
Millets Leisure
ENGINEERING (2)
Renold — R'chardsons Westgarth
HOTELS (1)
Brent Walker
INDUSTRIALS (2)
Photo-Me — W.G.I.
INSURANCE (1)
Liberty Life SA

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	58	35
Corpns. Dom. and Foreign Bonds	19	7	43
Industrials	258	178	934
Financial and Props.	226	28	243
Oils	27	27	37
Plantations	1	—	22
Mines	53	31	84
Others	58	53	76
Totals	643	378	1,474

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo American Gold	£39½	+ 1	Flight Refuelling New	117pm	+14
Arbuthnot Latham	350	+10	Inchcape	425	+18
Associated Biscuit	76	+ 4	Lasmo	537	−13
Bowater	270	+ 6	Lloyds Bank	405	+13
Cambridge Pet	360	+80	Plessey	334	− 1
Eagle Star	315	+17	Thorn EMI	400	+ 4

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
RTZ	20	532	+14	Arbuthnot L	9	340xd	+23
GEC	14	730	− 2	Barclays Bank	9	432	+ 8
Land Sec	13	408	+12	De Beers Dfd	9	365	− 6
Bath & Portland	12	60	+ 4	ICI	9	280	+ 2
Cons Goldflds	11	440	+ 7	Lloyds Bank	9	392	+ 7
First Castle	11	125	+ 9	Mercantile Hse	9	810	+35
Western Areas	10	195	−10	Plessey	9	335	+ 1

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Stocks to attract money for the call included **First National Finance, Premier Consolidated, Tubes, Rothmans, James Finlay, Western Areas, Anglo, Unitech, Pan Pacific Petroleum, J. Hepworth, Gulf Stream, Royal Bank of Scotland, Loraine** and **Marievale**. Puts were arranged in **Lasmo, Norvic, KCA International, Loraine** and **De Beers**. No double options were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Tues., June 30, 1981

	Equity Groups & Sub-Sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. June 29 Index No.	Fri. June 26 Index No.	Thurs. June 25 Index No.	Wed. June 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	353.98	+0.3	10.27	4.37	12.04	353.03	353.15	350.99	348.72	249.31
2	Building Materials (25)	304.02	+0.3	13.41	5.72	9.08	303.21	303.42	305.39	302.78	240.68
3	Contracting, Construction (28)	558.05	+1.1	16.60	5.08	7.05	552.21	553.21	554.61	554.59	365.51
4	Electricals (29)	1148.00	+0.2	7.32	2.24	16.88	1145.47	1146.88	1124.07	1104.53	677.32
5	Engineering Contractors (11)	491.10	+1.1	12.14	5.49	9.93	485.52	485.35	486.42	486.94	305.08
6	Mechanical Engineering (69)	215.41	+0.2	12.88	5.54	9.70	215.07	213.99	212.54	213.85	166.11
8	Metals and Metal Forming (13)	154.09	−0.1	10.61	7.71	12.45	154.18	154.32	157.93	158.87	161.23
9	Motors (21)	103.06	−0.2	3.86	6.77	97.57	103.24	103.21	102.64	101.75	98.68
10	Other Industrial Materials (18)	380.47	+0.1	9.69	5.26	12.36	379.92	381.64	384.01	384.60	0.00
21	CONSUMER GROUP (195)	284.00	+0.4	12.58	5.62	9.70	282.83	282.04	283.18	285.78	226.45
22	Brewers and Distillers (20)	323.50	+0.8	14.24	5.95	8.35	320.88	321.37	323.15	325.03	280.43
25	Food Manufacturing (21)	263.05	+0.5	14.83	6.28	8.12	261.74	259.10	258.70	259.49	204.41
26	Food Retailing (14)	535.83	+0.9	9.26	3.31	12.85	530.92	531.88	534.17	536.28	324.74
27	Health and Household Products (7)	338.26	+0.5	8.19	4.33	14.55	336.67	333.92	333.84	339.43	216.40
29	Leisure (22)	437.78	+0.9	11.37	4.81	10.67	433.75	432.46	434.60	438.81	328.80
32	Newspapers, Publishing (12)	507.42	+0.4	12.27	5.90	11.59	505.30	503.48	502.67	504.00	439.77
33	Packaging and Paper (13)	148.31	+1.7	14.16	7.19	8.39	145.87	145.85	146.71	147.88	127.97
34	Stores (44)	258.61	−0.3	11.13	5.11	11.76	259.29	259.82	261.46	265.45	218.64
35	Textiles (23)	162.14	−0.2	7.70	5.66	18.34	162.50	163.04	163.94	164.46	133.83
36	Tobaccos (3)	266.32	—	21.71	9.32	5.28	266.43	265.06	264.57	267.03	219.09
39	Other Consumer (16)	304.08	+0.5	6.03	6.25	29.20	302.47	303.22	302.61	304.87	0.00
41	OTHER GROUPS (79)	228.69	+0.3	13.09	6.62	9.32	228.11	227.22	228.67	229.76	215.84
42	Chemicals (15)	282.40	+0.2	11.53	7.35	10.84	281.89	279.37	282.72	286.94	313.49
44	Office Equipment (6)	117.48	+1.3	15.71	7.12	7.51	115.93	115.79	116.10	116.17	107.71
45	Shipping and Transport (13)	544.67	+0.6	15.69	6.97	7.52	541.67	547.11	552.69	550.48	547.25
46	Miscellaneous (45)	300.12	—	13.19	5.55	9.26	300.25	299.05	299.00	298.36	260.58
49	INDUSTRIAL GROUP (488)	300.14	+0.3	11.77	5.27	10.41	299.13	298.60	298.75	299.57	236.30
51	Oils (12)	711.72	−0.5	23.61	8.05	4.69	715.30	711.51	717.09	703.97	800.54
59	500 SHARE INDEX	333.50	+0.2	13.77	5.74	8.64	332.85	332.07	332.64	332.36	280.84
61	FINANCIAL GROUP (118)	267.63	+1.4	—	5.47	—	263.97	261.05	260.55	260.84	216.33
62	Banks (6)	276.46	+2.4	33.16	6.56	3.51	269.91	266.27	265.72	266.37	231.04
63	Discount Houses (10)	280.46	+0.5	—	8.04	—	279.15	280.98	280.98	280.75	261.62
64	Hire Purchase (3)	259.17	+0.8	11.81	7.01	11.71	257.14	257.14	257.47	261.04	214.72
65	Insurance (Life) (10)	268.80	+1.3	—	5.63	—	265.42	264.03	264.91	265.98	285.66
66	Insurance (Composite) (9)	174.17	+1.4	—	7.31	—	171.84	170.87	168.85	169.27	143.68
67	Insurance Brokers (8)	398.63	+2.1	11.19	5.82	12.12	390.25	387.43	386.89	389.98	313.66
68	Merchant Banks (13)	177.36	+1.2	—	4.76	—	175.28	174.98	174.23	173.78	127.10
69	Property (49)	489.35	+0.7	3.62	2.83	38.44	485.83	475.44	477.00	475.13	402.13
70	Miscellaneous (10)	177.58	+0.3	17.92	5.83	6.78	177.03	176.76	177.19	178.06	135.76
71	Investment Trusts (109)	317.03	+0.8	—	4.97	—	314.52	313.11	312.63	312.88	241.00
81	Mining Finance (3)	245.58	−0.6	14.27	5.57	8.23	247.07	242.03	244.20	249.42	229.92
91	Overseas Traders (20)	453.92	+1.0	11.29	6.56	11.03	449.57	453.09	452.87	453.25	381.80
99	ALL-SHARE INDEX (750)	320.57	+0.4	—	5.66	—	319.14	317.77	318.09	318.16	267.01

FIXED INTEREST

	PRICE INDICES	Tues. June 30	Day's change %	Mon. June 29	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.23	+0.03	108.20	—	5.18
2	5-15 years	106.72	−0.15	105.87	—	6.38
3	Over 15 years	107.35	−0.14	107.51	—	7.78
4	Irredeemables	119.04	−0.01	119.05	—	7.43
5	All Stocks	106.79	−0.09	106.88	—	6.39
6	Debentures & Loans	84.09	+0.05	84.05	—	5.43
7	Preference	63.47	+0.39	63.23	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Tues. June 30	Mon. June 29	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.30	12.28	11.94
2		15 years	12.87	12.84	11.94
3		25 years	13.05	13.01	11.94
4	Medium Coupons	5 years	14.08	14.06	13.38
5		15 years	14.74	14.71	13.46
6		25 years	14.32	14.30	13.43
7	High Coupons	5 years	14.17	14.15	13.45
8		15 years	14.92	14.89	13.80
9		25 years	14.56	14.53	13.84
10	Irredeemables†		12.35	12.35	11.30
11	Debs & Loans	5 years	15.25	15.24	14.17
12		15 years	15.31	15.31	14.13
13		25 years	15.31	15.38	14.09
14	Preference†		15.65	15.71	15.04

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£24	−½	Q$1.40	—	2.8	—
§35	F.P.	22/7	37	30	AlliedResidential 10p	30	......	b2.45	2.0	11.7	6.3
Ir£0.50	F.P.	19/6	40	34	✡Bula Resources	35	+1	—	—	—	—
§85	F.P.	24/6	140	105	✡Business Comp Syst	115	......	u1.0	6.7	1.2	16.9
75	F.P.	17/7	90	79	Cambridge Elec.	87	+2	b5.7	2.2	6.1	8.8
475	F.P.	10/7	500	462	Energy Res. & Services	487	......	—	—	—	—
§ ‖	F.P.	—	25	23	††Energy Sources	23	......	—	—	—	—
§10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	......	—	—	—	—
§10	F.P.	—	20	17	✡ICC Oil services	19	−1	—	—	—	28.0
$12	F.P.	—	640	595	Mexico Fund	595	......	—	—	—	—
§51	F.P.	20/7	69	61	✡M'film R'prograph.	65	......	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	101	......	—	—	—	—
‡44	F.P.	30/6	58	42	✡Selec TV	42	......	—	—	—	—
§83	F.P.	—	86	80	✡Stanelco	84	+1	—	—	—	25.8
§155	F.P.	3/8	205	190	✡Star Computer	197	+2	2.0	4.3	1.5	19.8
§90	F.P.	31/7	96	92	✡Trident Comp.Serv.	95	......	bd1.5	4.0	2.3	15.9
§80	F.P.	14/7	91	85	✡UnitedCeramicDist	89	−1	b4.2	1.9	6.7	10.2
100	Nil	—	5pm	2pm	Utd. Comp. & Techgy	3pm	......	—	—	—	—
§88	F.P.	—	97	89	✡Zygal Dynamics	97	+1	u0.75	6.3	1.1	15.2

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	—	110	104	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	106	......
100‖	F.P.	22/7	101½	95	BOC 9% Cnv. Uns. Ln. 2001-6	98	......
**	F.P.	26/6	28p	16p	BPC 7.75% Non. Cum. Prf.	28p	......
98.87	£30	16/7	29¾	26½	Finland 14½% Ln. 1986	28	+¼
99.486	F.P.	25/6	99⅞	95¾	International Bk. 13½% Ln. 1986	97½	−¼
¶100	£10	28/8	8½	7½	Mid-Southern Wat. 9% Red. Pref. '86	7½	......
‖	Nil	—	4½pm	3pm	Mount Charlotte 7½% Cnv. Ln. 1998-2000	3pm	−1¼
99	F.P.	27/8	99	93	Newcastle Water 7½% Red. Pref. 1986	[illegible]	......
• •	F.P.	10/7	92	90	Photax 11% Cum. Pref.	90	......
¶98	F.P.	28/8	96½	92½	Sund. & S.Shields Water 8% Red. Prf. '87	92½	......
96¾	F.P.	—	98½	90¾	Swansea (City of) 13¾% Red. 2006	93½	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
190	Nil	6/7	4/9	46pm	32pm	AGB	32pm	......
64	F.P.	1/6	10/7	87	81	Amal. Power Eng.	85	......
190	F.P.	1/6	13/7	237	207	Barratt Devs.	227	......
380	F.P.	4/6	3/7	467	438	Bestobell	464	+2
25	F.P.	22/5	3/7	34	31	Brit. Dredging	30	......
275	Nil	—	—	46pm	38pm	B.P.	44pm	......
290	Nil	—	—	32pm	24pm	B.P. (H.M.G.)	28pm	−1
77	F.P.	5/6	3/7	89	80	Cadbury Schweppes	89	+½
500	F.P.	19/6	15/7	£10½	550	Comm. Bk. of Near East	£10½	......
165	Nil	3/7	7/8	26pm	19pm	Crouch (D)	19pm	......
150	F.P.	17/6	15/7	160	153	Elbar	160	......
375	Nil	—	—	35½pm	30pm	English Association	32pm	+2
30	Nil	6/7	7/8	54pm	46pm	Euro Ferries	47½pm	+1½
55	F.P.	12/6	11/8	68	63½	Fine Art	68	......
255	Nil	—	—	117pm	84pm	Flight Refuelling	117pm	+14
90	Nil	—	—	42pm	31½pm	Geers Gross	40pm	−2
250	F.P.	17/6	24/7	340	269	G.R.E.	340	+8
103	P.P.	—	—	109	65	Hong Kong & Shanghai Bk.	104	......
205	F.P.	8/6	24/7	270	247	Horizon Travel	270	+4
‖	F.P.	15/5	24/6	102	93	L'nd'n Shop Pr'p 9% Cnv84-88	93	......
315	F.P.	26/5	7/8	343	332	Lyle Shipping	332	......
70	F.P.	17/6	24/7	76½	72	Northern Engineering	76½	+2
80	Nil	9/7	12/8	23pm	18pm	Old Swan Hotel (H'gate)	20pm	......
60	F.P.	26/5	7/8	67½	62	Second City Props	65	+1
131	F.P.	8/6	3/7	163	141	Smurfit (Jefferson)	163	......
6	P.P.	6/5	21/8	11½	6½	Sterling Credit	9¾	+¼

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✡ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 147.8 157.6 ...... 3.25
H.S. Fxd. Int. Fd. 91.0 95.0 ...... 2.70
H.S. Intl. Gth. 117.1 124.8 ......
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$25.22 26.23 −0.11 —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.85 3.03 ...... 0.56
OCSm. Co.** 121.9 129.6 ...... 2.55
O.C. Commodity* 98.1 104.3 ...... 6.90
O.C. Dir. Comdty.† US$43.54 46.31 ...... 2.07
O.C. Hong Kg. Fd.†† HK$43.86 46.68 ...... —

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	266.0	280.0xd	.....	3.90

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund May 31		150.70	.....	6.76
Wider Fund May 31		274.60	.....	4.95
Narrower Fd. May 31		75.50	.....	13.30

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	76.7	82.1	-0.4	2.04
(Accum. Units)	82.4	[illegible]	-0.4	2.04
American Recovery	89.3	[illegible]	-0.2	1.46
(Accum. Units)	92.3	98.8	-0.2	1.46
Australasian	114.7	122.7	-0.3	0.79
(Accum. Units)	120.1	128.5	-0.3	0.79
Commodity	148.3	158.7	.....	2.73
(Accum. Units)	174.4	186.6	.....	2.73
Compound Growth	[illegible]	214.2	+1.0	2.87
Conversion Growth	132.2	141.4	+0.9	2.18
Conversion Income	77.9	83.4	-0.3	8.85
Dividend	132.5	142.4xd	.....	9.05
(Accum. Units)	303.1	[illegible]	.....	9.05
European	[illegible]	63.7xd	-0.6	3.38
(Accum. Units)	[illegible]	70.9	-0.7	3.38
Extra Yield	[illegible]	94.1	-0.9	9.35
(Accum. Units)	140.4	150.0	-1.5	9.35
Far Eastern	155.7	166.6	+0.7	0.99
(Accum. Units)	171.7	183.7	+0.7	0.99
Fund of Inv. Tsts.	100.6	108.1xd	+0.5	4.28
(Accum. Units)	137.3	147.5	+0.7	4.28
General	241.6	259.7	+1.3	5.71
(Accum. Units)	426.7	458.7	+2.4	5.71
Gilt Income	44.7	46.9xd	+0.2	10.98
(Accum. Units)	46.3	48.2	+0.2	10.98
High Income	114.0	122.0xd	.....	8.53
(Accum. Units)	235.2	251.7	.....	8.53

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

1981 High	1981 Low	Stock	Price	+ or –	Div. Net	C'w	Y'ld Gr's	P/E
463	395	Lat. Prov. Shp. 10p	440	......	t2.4	1.6	0.8	—
*140	112	Lon. Shop Prop	114	......	t3.1	1.8	3.9	16.7
316	216	Lynton Hdgs. 20p	282	+2	t3.1	2.0	1.6	45.4
252	214	MEPC	247	......	t5.75	1.2	3.3	32.4
56	39	Marlborough 5p	44	......	0.33	1.6	1.1	(34)
94	67	Marler Estates	93	......	2.0	2.4	3.1	(15.9)
29	24	McInerney 10p	24xd	......	Q28.6%	2.4	9.2	6.0
148	130	McKay Secs. 20p	140	......	t2.7	2.5	2.8	30.8
128	76	Mountleigh	120	......	t3.0	4.3	3.6	7.0
202	146	Mountview 5p	172	......	2.9	ф	2.4	ф
125	100	Muckiow (A. & J.)	113	......	t3.88	2.5	4.9	(16.4)
400	280	New Cavendish 5p	390	......	—	—	—	—
209	143	North Brit. Props.	185	+1	t2.8	1.8	2.2	37.2
161	135	Peachey	146	+1	4.0	2.3	3.9	16.4
13½	8¾	Pennine Com. 10p	10½	......	—	—	—	—
75	44	Phoenix Mis. & Fin.	70	+2	—	—	—	—
174	150	Prop. Hldg. & Inv.	162xd	......	3.08	ф	2.7	ф
265	202	Prop. Part'ship.	258xd	......	5.0	ф	2.8	ф
182	150	Prop. & Rev.	170	......	3.0	1.6	2.5	36.3
210	169	Prop. Sec. Inv 50p	190	......	t1.8	1.4	1.4	—
18	12½	Raglan Prop 1p	14½	......	—	—	—	—
46	29	Regalian	44	......	—	—	—	ф
182	130	Regional Prop.	158	......	t1.9	2.3	1.7	35.8
180	130	Do. 'A'	155	......	t1.9	2.3	1.8	35.2
326	207	Rosehaugh 10p	312	+2	2.1	11.1	1.0	13.4
250	194	Rush & Tompkins	220	+2	3.75	0.5	2.4	—
131	107	Samuel Props.	114	......	t4.2	2.1	5.3	11.4
128	111	Scot. Metrop. 20p	116xd	+2	t3.25	1.3	4.0	32.3
*78½	60	Second City 10p	64	+1	b2.22	2.3	4.9	(9.8)
155	132	Slough Ests.	146	+2	2.76	2.0	2.7	(22)
£283	£249	Do. 10% Conv. '90	£260	+6	Q10%	22.2	13.9	—
£135	£117	Do. 8% Cnv. 91-94	£123	+3	Q8%	5.5	16.6	—
373	313	Stock Conversn.	360	+5	th3.21	3.3	1.3	92.7

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

For Aberdeen Invs see Aitken Hume (Finance Land)

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	1981 Low	Stock	Price	+ or –	Div. Net	C'w	Y'ld Gr's
43	[illegible]	Acmex 50c	43	......	Q2.5c	—	3.4
41	[illegible]	ACM 20c	37	+2	—	—	—
21	[illegible]	Argosy Gold NL 25c	17	......	—	—	—
226	[illegible]	Bond Corp.	224	......	Q7½c	1.9	1.9
104	76	Bougainville 1 Kina.	94	–1	Q25.7c	1.0	15.6
302	214	[illegible]RA 50c	260	+4	Q19c	1.7	4.2
25	16	[illegible] Northwest	16½	+½	—	—	—
35	16	[illegible] Boyd 20c	18	+1	—	—	—
415	75	[illegible] Pacific	75	......	—	—	—
35	15	[illegible] Mn. N.L. 50c	15	......	—	—	—
47	28	[illegible] Pacific N.L.	34	+1	—	—	—
63	22	[illegible] Corp. 10c	52	......	—	—	—
40	29	[illegible] 20c	30½	+½	—	—	—
500	310	G. M. [illegible] 25c	395	–5	tQ13c	ф	1.9
25	9	Great [illegible]	12	......	—	—	—

Tins

Copper

Miscellaneous

1981 High	1981 Low	Stock	Price	+ or –	Div. Net	C'w	Y'ld Gr's
55	40	Barymin	48	......	—	—	—
25½	14	Burma Mines 10p	29	......	0.75	0.9	5.4
330	180	Colby Res. Corp.	245	–30	—	—	—
275	200	Cons. Murch. 10c.	240	+25	tQ30c	1.8	7.2
98	65	††Hemerdon 10c.	65	......	—	—	—
180	135	Highwood Res.	150	......	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	530	–2	16.0	3.2	4.3
£125	£93½	Do. 9¼% Cu.Ln. '95-2000	£116½	......	Q9½%	—	f8.7
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	29	Sabina Inds. C$1.	29	–1	—	—	—
44	28	††SWCM 10p	36	+1	—	—	—
550	465	Tara Expln. $1	542	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	IRISH	Price	+ or –
Albany Inv. 20p	44	+1	Conv. 9% '80/82	£92¾	......
Bertam	13	......	Nat. 9¾% 84/89	£68¾	......
Bdg'wtr. Est. 50p	470	......	Fin. 13% 97/02	£79¼	......
Craig & Rose £1	£12½	......	Alliance Gas	77	......
Finlay Pkg. 5p	22	......	Arnott	235	......
Graig Ship. £1	£20	......	Carroll (P.J.)	85xd	–2
Higsons Brew	70	......	Concrete Prods.	90	......
Holt (Jos) 25p	488	......	Heiton (Hldgs.)	30	......
I.O.M. Stm. £1	157	......	Ins. Corp.	428	......
Pearce (C. H.)	890	......	Irish Ropes	50	......
Peel Hldgs.	100	......	Jacob	58	......
Sheff. Refrshmt	97	......	T.M.G.	17	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	20	Vickers	18
B.S.R.	7	"Imps"	7	Woolworths	6
Babcock	11	I.C.L.	6	**Property**	
Barclays Bank	36	Ladbroke	30	Brit. Land	8
Beecham	18	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	37
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	24	"Lofs"	4½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	25	Lucas Inds.	18	Town & City	2¼
Brown (J.)	9	"Mams"	20	**Oils**	
Burton Ord.	14	Mrks. & Spncr	11	Brit. Petroleum	33
Cadburys	7½	Midland Bank	26	Burmah Oil	16
Courtaulds	7	N.E.I.	8	Charterhall	3
Debenhams	10	Nat. West. Bank	32	KCA	22
Distillers	17	P & O Dfd.	12	Premier	7½
Dunlop	8½	Plessey	28	Shell	32
Eagle Star	25	Racal Elect.	34	Tricentrol	30
F.N.F.C.	3	R.H.M.	5	Ultramar	44
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	60	Reed Intnl.	25	Charter Cons.	21
Glaxo	28	Sears	5	Cons. Gold	45
Grand Met.	18	Tesco	5½	Lonrho	9
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	15	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday July 1 1981

EEC INITIATIVE ON AFGHANISTAN

Chance of success 'less than 50-50'

BY JOHN WYLES IN LUXEMBOURG

EUROPEAN COMMUNITY leaders yesterday launched an initiative to secure Soviet withdrawal from Afghanistan while acknowledging that there was "less than a 50-50 chance" of Moscow agreeing.

This sober estimate was offered yesterday by Lord Carrington, who, as president from today of the EEC's Council of Ministers, will explain the plan in Moscow next Monday to Mr Andrei Gromyko, the Soviet Foreign Minister.

The EEC is suggesting a two-stage conference to create a non-aligned Afghanistan. This would be held in October or November and be attended by the permanent members of the UN Security Council—the U.S., Russia, France, the UK and China — plus Pakistan, Iran, India, Mr Kurt Waldheim, the UN secretary-general, and Mr Habib Chatti, the secretary-general of the Islamic conference.

The fact that Lord Carrington is being received in Moscow is seen as a sign of the Russians' interest in the proposal and an awareness on Moscow's part of the pitfalls of a hasty rejection of the plan.

Such a rejection by Moscow would further erode Soviet standing in the non-aligned Third World and could strengthen fears of Soviet intentions in Poland.

Conversely, participation in a conference to end external intervention in Afghanistan could make it very *difficult for* Moscow to consider the invasion of Poland.

The first stage of the EEC plan would, in the words of yesterday's summit declaration, try "to bring about the cessation of external intervention and safeguards to prevent such intervention in the future."

The second stage would bring in "representatives of the Afghan people" and would aim at implementing the Stage One agreements.

Afghanistan overshadowed the fact that the European leaders were unable to take their Middle East initiative any further. This was partly because of continuing uncertainties over U.S. policy, partly because the result of yesterday's Israeli elections could be inconclusive, partly because the new French government is ambivalent about the course the Community has been pursuing.

During his hour-long meeting with Mrs Margaret Thatcher yesterday, President Francois Mitterrand of France stressed his preference for a "step-by-step" approach based on the Camp David settlement rather than a more comprehensive strategy favoured by the EEC.

UK-French relations thaw, Page 3

Inco floats £25m bond issue at fixed rate

By Ian Rodger

INCO, THE non-Communist world's largest producer of nickel, has become the first company in nearly a decade to float a substantial long-term, fixed-rate sterling bond issue.

The Canadian group is raising £25m in a 25-year unsecured loan stock with a 15½ per cent coupon.

UK companies largely abandoned the bond market as a source of fixed-rate loan capital in the early 1970s as interest rates became what then seemed too high to bear. Since then, they have relied increasingly on floating-rate bank overdrafts for their borrowings.

In recent months, several foreign states and official bodies, notably Sweden, Finland, the World Bank and Hydro Quebec, have made sterling bond issues in London. But Inco is the first major private sector company to do so in many years.

Mr Robert deGavre, treasurer of Inco, said yesterday the company chose to float sterling bonds because interest rates in London were competitive with those in the U.S. and because funds were available.

Even so, Inco has offered a novel sweetener in the form of an option to the holder to take repayment in dollars at a fixed exchange rate of £1 to $1.98, an option that would become attractive if the prevailing rate were lower than that in 2006.

As a company that operates in U.S. dollars, Inco has attempted to reduce the currency rise of the loan by selling sterling against the dollar in the forward market about three months ago. Sterling has fallen from about $2.25 to $1.93 in the past three months — it closed in London last night at $1.9305 — and unless this trend changes dramatically the company will be able to close out the forward contracts at a more favourable rate than the prevailing one.

The Inco bonds are being offered at £98½ per cent and have a yield to redemption of just under 16 per cent, which is nearly 1½ percentage points above the yield on a comparable gilt-edged stock.

Proceeds are to be used mainly to reduce the company's short-term debt, which stood at $281.89m on March 31, 1981. Total debt at the same date was $1.4bn and common shareholders' equity was $1.8bn. Inco had net income of $219.4m in 1980 on sales of $3bn.

The loan stock has been underwritten by Morgan Grenfell and brokers to the issue are Cazenove and Kitcat and Aitken.

THE LEX COLUMN

Why Inco launched a sterling bond

The UK corporate bond market has re-opened at last—but the borrower does not come from smokestack Britain, and its motives are rather special. Inco, the *Canadian metals giant*, invests large sums of capital in long term projects and like other North American companies in this position it likes to have a good cushion of long term debt.

New York and London are just about the only two capital markets in the world where it could raise 25-year money at present. And as a single "A" credit, it would probably have to pay slightly more in New York than in London at today's rates. The yield on the £25m loan stock which it announced yesterday will be just a shade under 16 per cent at the placing price.

Inco feels comfortable borrowing in sterling, since it has substantial assets in the UK. And although it admits that the coupon looks horrifying, its policy is to borrow relatively small sums rather frequently, and so average out the cost of its debt.

Once is decided to come to London, about three months ago, Inco sold sterling forward. As a result, it has made a substantial foreign exchange gain, which in its eyes reduces the borrowing costs.

The loan yields nearly 1½ points more than the comparable gilt-edged stock, and it has one novel feature designed to lure investors in. At the lender's discretion, the principal can be repaid either in sterling or U.S. dollars at a fixed rate of $1.98. Since the *principal* repayment is a very small part of the overall cost of the loan, this is not a great price for the company to pay. But the option could start to look attractive if the level of sterling appeared to be seriously threatened.

One important technical point which was settled only last night is that the stock will be traded on the floor of the Stock Exchange. As a bearer Bond, it might have been dealt under eurocurrency rules — which would have meant negotiated commissions and disgruntled stockbrokers.

UK borrowers are most unlikely to risk raising money at this cost, when bank borrowings are so much cheaper and the Government's economic policies could still work out. The trigger rate for them might be about 13 per cent—but then it always seems to be a couple of points below the prevailing rate.

Index rose 0.9 to 544.8

SGB

The scaffolding hire and sale business of SGB has finally succumbed to the recession in the building industry, and the group's interim profits before tax are down by 35 per cent to £5.0m despite a modest improvement in overseas operations. The second half will bring no relief at home but the weaker pound is widening margins on export contracts—currently the most profitable area of the group—and SGB should make £11m for the full year easily enough.

Materials and equipment account for more than half of SGB's net assets, so it can respond quickly to a downturn in business by cutting back on purchases. This helped to *steady the depreciation charge* in the first half and also left borrowings £5m lower. Unchanged yesterday at 147p, the shares yield 5.2 per cent.

Casualty

Agreements between a company's bankers on an emergency support package do not necessarily last very long. The bankers of Richards and Wallington, the plant hire company that ended 1980, after a £7.4m net loss, with debt at more than twice net worth, took security for their loans in April and pledged continuing support yesterday a receiver was put in. Trading in the last couple of months has gone from bad to worse and the banks, acting in concert, have understandably decided to cut their losses—as with Airfix after its poor Christmas. So now the serious business of management buy-out can get underway.

Vauxhall Motors

Vauxhall Motors lost money eight years out of ten in the 1970s, but the £83.3m net loss for 1980, which has taken a full six months to add up, dwarfs the *accumulated deficit of the last decade*. The company began the year with net worth of £18m, and then received £107m of new equity from its parent General Motors; since losses continue at a fair lick, a further injection will soon be necessary.

Vauxhall has shaken £50m out of stock (*partly by working* a one-day week for a spell at Luton), and output in the car plants is now back to more respectable levels, although it is still miles below capacity. But demand for trucks and vans is falling, and the most the company dare forecast for total unit sales is a *small upturn* from the last quarter of this year onwards.

A fifth of the workforce has been shed in the past year, and labour relations have recently been good, which must encourage GM to continue its support. Vauxhall has spent £30m on fixed assets for the third year running, a good deal of it on tooling for the J Car, due to be launched this autumn at the market sector dominated by the Ford Cortina. Along with the Astra, this launch is intended to spearhead Vauxhall's return to breakeven in 1982, and—more ambitiously—a climb from less than 10 per cent of the UK car market to 16 per cent by 1985. If Vauxhall's high hopes for the new model are not justified, there will be little to keep the company going beyond GM's pride and its anxiety not to be beaten by Ford.

Six Gulf oil states plan joint fund

By Richard Johns, Middle East Editor

SIX Gulf oil producers are planning to launch a joint investment fund with capital of *between* $3bn and $6bn, (£1.6bn-£3.1bn), Abdul-Latif Youssef al Hamad, the recently appointed Kuwaiti Minister of Finance, disclosed in London yesterday.

The fund, he said, would concentrate on projects in developing countries and is being set up under the aegis of the Gulf Co-operation Council — a body set up in May after talks in Dubai between Saudi Arabia, Kuwait, Bahrain, Qatar, and the United Arab Emirates.

Mr Hamad also said that a semi-autonomous investment authority is to be established by Kuwait to manage its long term reserves, believed to be worth more than $50bn.

These reserves are now under the direct control of the Ministry of Finance and its agent in London, the Kuwait Investment Office.

Mr Hamad said that while the Gulf investment fund also intended assisting with the development of countries where investments are made, the investment would not amount to aid and would be on commercial terms.

As yet, however, no detailed agreement had been reached on what form the fund or the contributions to its capital would take.

The fund will become one element of the close and wide-ranging political and economic collaboration planned by the council—the brainchild of Saudi Arabia — to bring greater stability to the Gulf region. The plan is likely to be seen in the context of the intention of the six Gulf states to establish their collective identity *internationally, especially in* the Third World.

BL to spend £200m at Cowley to prepare for LC10 'family'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL IS about to start a £200m investment programme at its twin plants at Cowley, Oxford.

The cash will be spent on modernising the plants and introducing automated equipment to produce the LC10 "family" of medium sized cars, the first of which is due in 1983.

Sir Michael Edwardes, chairman of BL, has said the LC10 range is more important to BL than the Metro. Its introduction should return the whole of the cars division to profitability.

BL is on target to introduce the first in the range, a five-door hatchback code named LM10, early in 1983. A more important car, LM11, will be launched early in 1984. This saloon is planned to compete in that part of the British car market dominated by Ford's Cortina.

The LC10 range should push Cowley's output up to 6,000 a week compared with the current 2,000 total of Princesses, Itals and Maxis. The Maxi is soon to be discontinued.

BL has just spent £70m at Cowley, mainly on facilities to produce the Triumph Acclaim, formerly known as the Bounty, under licence from Honda of Japan.

The Acclaim already is surrounded by controversy. The UK components suppliers have been disappointed by the number of orders the model has provided. One supplier estimates that components sourced in Britain from outside BL's own facilities account for only 18 per cent of the ex-factory value of Acclaim, a figure which has not been challenged by BL.

However, Mr Andy Barr, BL's manufacturing director, said yesterday that "70 per cent

A MASS meeting of workers at the Rover Car assembly plant, Solihull, yesterday rejected union recommendations for militant action to stop transfer of production of the car to Cowley, Oxford. Instead, they opted for detailed negotiations on redundancy terms, which, if the transfer is completed smoothly by next March, would yield a special bonus payment.

of the ex-works value of the car is purchased in Britain, either in the form of manpower or components.

"It helps protect the jobs of 2,000 people here in Oxford, is good for BL and for Britain," he said.

The other 30 per cent of the cost covers the engine, transmission and plastic fascia supplied by Honda from Japan. Honda also gets an undisclosed royalty payment on each car.

It provided Cowley with about £11m of equipment—*mainly* robots.

The Acclaim, due for launch in October in Britain and January in the rest of the EEC, is based on the Honda Ballade. Its planned role is to provide BL dealers with a medium-sized replacement for the Triumph Dolomite and to generate showroom traffic during the gap between the launch of the Metro last October and the LM10 in 1983.

Output at first will be 1,000 a week. The installed capacity at Cowley is 1,700 a week or 85,000 a year so the initial output can be increased with relatively little extra investment.

In 18 months a new press shop, body framing facility and paint shop have been installed at Cowley—investment for the Acclaim and for the LC10 range. "All this for £70m, in today's *monetary values, represents an* outstanding deal," said Mr Barr.

He claimed that BL had seen a big increase in productivity not only at Cowley but also at Longbridge where the Metro and Mini are made.

"We are now achieving over 95 per cent of our gross line rate—that is the production target set against manning levels. We are achieving over 95 per cent regularly. That's as good as anything in Europe."

World Bank issues U.S. bonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE WORLD BANK is shortly to return to the U.S. domestic bond market for the first time since 1977 with the launch of two issues totalling $500m (£259m).

The move underlines the desire for large borrowers on international bond markets to diversify their source of funds now that volatile market conditions have made it difficult to float bond issues on the German capital market, a traditional source of funds for the World Bank.

The bank resumed dollar borrowing last year but to date it has operated only in the Eurobond market, where its latest bond, a $500m issue through Deutsche Bank, was launched only two weeks ago with a coupon of 14¾.

The decision to tap the domestic U.S. market as well has been helped by a change in Securities and Exchange Commission (SEC) regulations. The Commission has scrapped the requirement of seven days' prior registration for bond issues by development banks.

This will allow such issues to be executed more flexibly in future. The concession is understood to apply also to the Inter-American Development Bank and to the Asian Development Bank.

The two bond issues planned by the World Bank are each for $250m and are underwritten by a management group led by the investment house Salomon Brothers. One issue will have a five-year life, the other ten.

Proceeds will be applied to the borrowing requirement of more than $7bn for the Bank's fiscal 1981 year which begins today. The borrowing requirement of $6.6bn for fiscal 1980 was almost exactly met.

As to the timing of the new dollar issues, the World Bank is understood to feel that there is little prospect of a decline in available coupons in the near term, so that there is no point in delaying in the hope of better terms.

The World Bank also yesterday launched a SwFr 100m (£25m) public issue in the Swiss bond market.

New man at World Bank, Page 6; Editorial Comment, Page 25; Eurobonds, Page 30

Libya forced to cut oil price $1 a barrel

By Martin Dickson, Energy Correspondent

LIBYA, which has been trying to maintain the world's highest oil prices in the face of a supply *glut, has finally been forced to* cut them by $1 a barrel, according to Western oil company officials.

The move, yet to be officially confirmed, is the first sign of price moderation by any of the major African oil producers—Libya, Algeria and Nigeria—which have been trying to hold out against the sharp downward pressure on world oil prices.

However, Libya's move merely brings its crude prices into line with those being demanded by Algeria and Nigeria. From July 1, Libya will be demanding $40 for its top quality crudes, the same as Algeria and Nigeria.

Oil company officials, who had been seeking much larger cuts, indicated last night that the reduction would be insufficient if they were to keep liftings of Libyan crude at current levels.

Continued from Page 1

Vale of Belvoir

demand is likely to be approved by the conference.

The union's Leicestershire area, whose 3,500 miners are counting on the work as the existing six pits are exhausted, is drafting an emergency motion asking for the full support of the union. Mr Joe Gormley, NUM president, has been alerted, as has Mr Arthur Scargill, president of the militant Yorkshire area.

Mr Jack Jones, secretary of *the Leicester NUM*, said last night he saw Mr Heseltine's recommendation as evidence of the Government's intention to settle a score with the miners. There appeared to have been a battle between Mr Heseltine and Mr David Howell, Energy Secretary, which Mr Howell had lost.

"We are not talking about industrial action at this stage," he said. "But the NUM is a very strong union and if the membership is forced into a situation where jobs are at risk and the industry's contribution to the nation is put at risk by *short-term policies or personal* vendettas, then certainly the union will speak with one voice."

Continued from Page 1

Vauxhall

of combining the UK marketing and dealership networks of Vauxhall and its sister company, Opel of West Germany.

Capital investment last year *totalled £31.8m*. *Some of the* money was spent at the Luton car plant to prepare for assembly of General Motors "J" car, a replacement for the Vauxhall Cavalier and Opel Ascona.

There was also investment at the Ellesmere Port plant on Merseyside where the Vauxhall *Astra is to be assembled.* At present the Astra, which is a version of the Opel Kadett, is built in West Germany.

Weather

UK TODAY

Mainly dry with some sunny intervals.

London, S. and S.E. England, N. and N.E. England, Midlands

Cloudy at times with sunnier intervals. Max. 21C (70F).

S.W. and N.W. England, Wales

Hill fog and local drizzle, bright or sunny intervals developing. Max. 20C (68F).

Most of Scotland, Northern Ireland, Isle of Man

Outbreaks of rain or showers, bright intervals. Max. 16C (61F).

Borders, Edinburgh, Dundee, Aberdeen

Cloudy at first with a little rain, sunny periods developing. Max. 18C (64F).

Outlook: Sunny intervals, showers chiefly in the north. Temperatures near or rather below normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	L. Ang.†	C	18	64
Algiers	C	23	73	Luxmbg.	F	14	57
Amsdm.	R	13	55	Luxor		—	—
Athens	S	31	88	Madrid	F	23	73
Bahrain		—	—	Majorca	S	24	75
Barclna.	S	21	70	Malaga	S	24	75
Beirut	S	29	84	Mchstr.	C	15	59
Belfast	C	15	59	Melbne.		—	—
Belgrd.	F	23	73	Mx. C.†		—	—
Berlin	C	15	59	Miami†	F	26	79
Biarritz	S	20	68	Milan	F	24	75
Bmghm.	C	19	66	Montrl.†		—	—
Blackpl.	C	14	57	Moscow	S	30	86
Bordx.	F	20	68	Munich	F	13	55
Boulgn.	C	13	55	Nairobi		—	—
Bristol	C	17	63	Naples	S	26	79
Brussels	C	16	61	Nassau		—	—
Budpst.	S	21	70	Nwcstl.	F	17	63
Cairo		—	—	N. York†	S	20	68
Cardiff	C	14	57	Nice	F	21	70
Casbca.	C	22	72	Nicosia		—	—
Cape T.		—	—	Oporto	F	20	68
Chicg.†		—	—	Oslo	C	13	55
Cologne	F	18	64	Paris	F	18	64
Cpnhgn.	C	15	59	Perth		—	—
Corfu	S	33	91	Prague	F	14	57
Denver†	F	15	59	Rykjvk.	C	9	48
Dublin	C	16	61	Rhodes	S	33	91
Dbrvnk.	S	27	81	Rio J'o†		—	—
Ednbgh.	C	14	57	Rome	S	25	77
Faro	F	25	77	Salzbrg.	C	15	59
Florence	F	24	75	S'cisco†	C	12	54
Frankft.	F	16	61	S. Mrtz.		—	—
Funchal	C	19	66	Singapr.		—	—
Geneva	S	17	63	S'tiago†		—	—
Gibrltr.	F	23	73	Stckhm.	R	15	59
Glasg'w.	C	15	59	Strasbg.	F	17	63
G'rnsey	C	16	61	Sydney		—	—
Helsinki	T	19	66	Tangier	S	26	79
H. Kong		—	—	Tel Aviv	S	29	84
Innsbrk.	F	17	63	Tenerife	C	19	66
Invrnss.	F	15	59	Tokyo		—	—
I.o.Man		—	—	Trnto.†		—	—
Istanbul	S	28	82	Tunis	S	27	81
Jersey	C	17	63	Valencia	F	22	72
Jo'burg		—	—	Venice	S	23	73
L. Plms.	C	23	73	Vienna	F	19	66
Lisbon	S	25	77	Warsaw	C	15	59
Locarno	S	23	73	Zurich	C	13	55
London	C	19	66				

C—Cloudy, F—Fair, R—Rain, S—Sunny

OFT to probe London Electricity Board

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Office of Fair Trading is to investigate the trading practices of the London Electricity Board, the biggest of the regional electricity boards.

The study, under the Competition Act, follows electrical goods retailers' complaints that the Board is *subsidising its* retail showrooms from its electricity sales.

It comes hard on the heels of last year's Monopolies and Mergers Commission report on British Gas which led to the current row over Government proposals that gas showrooms be sold to the private sector over a three-year period. A final Government decision on the 300 showrooms is expected soon.

The Commission charged British Gas with abusing its dominant market position in the sale of gas appliances and the OFT study of the London Electricity Board is seen as a possible first step to ascertain whether the same applies to electrical appliance retailing.

Most complaints, which have led to what is likely to be a 6-month long investigation, have come from the 4,500-member Radio, Electrical and Television Retailers' Association. It argues that Electricity Boards operate their retail *showrooms at a* loss, giving them an unfair advantage in the sale of electrical appliances.

The association says that, according to the Electricity Council's accounts, sale of appliances through electricity showrooms has entailed a loss for at least the past six years.

LEB appliance sales in 1979-1980 were worth £13.6m, on which an operating loss of £775,000 was made.

The OFT's investigation has to establish whether London Electricity Board losses on electrical appliance retailing are unfairly restricting competition in the sale of electrical appliances. It can then decide to refer the practice to the Monopolies Commission for a further six-month investigation to determine whether the practice is against the public interest.

London Electricity Board said last night it intended to cooperate fully with the OFT's investigation.

This investigation is the fifth carried out by the OFT into alleged anti-competitive practices by a single company under the 1980 Competition Act. Only two of the investigations have so far been completed.

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